

Corporate Business Plan

2000- 2001 to 2001-2003

Nunavut Housing Corporation

Transmittal Letter

January 18, 2000

To the Honourable Manito Thompson
Minister Responsible for the
Nunavut Housing Corporation

Dear Minister:

We are pleased to submit the Nunavut Housing Corporation's 2000-2001 multi-year Corporate Business Plan for your approval. This document is designed to meet the requirements under Section 91 of the *Financial/Administration Act* and the Financial Management Board's requirements for business plan development.

Recommended by:

Pam Hine
President
Nunavut Housing Corporation

APPROVED BY:

Manitok Thompson
Minister Responsible for the
Nunavut Housing Corporation

VISION FOR NUNAVUT

We are guided by a vision of a government that:

Places people first;
Represents and is accountable and fair to all its residents;
Is a servant of the people of Nunavut;
Seeks direction from the people;
Is shaped by and belongs to the people of Nunavut;
Offers programs and services in an integrated and holistic manner;
Promotes harmony amongst people;
Places ownership of well being into the hands of individuals, families and communities;
Conducts itself with integrity and openness;
Encourage excellence and welcomes creativity; and
Incorporates the best of Inuit and contemporary government systems.

Corporate Vision

The Nunavut Housing Corporation is committed to providing opportunities for communities to administer construction projects and housing programs. By working together, opportunities are provided for all community residents to have homes that support a healthy, secure, independent and dignified lifestyle.

Mandate

The mandate of the Nunavut Housing Corporation is to assist communities to assume the role of providing housing to their residents. This is achieved by providing leadership and support to communities in the areas of technical research and services, financial support, information sharing, training, and building capacity.

Mission Statement

The Nunavut Housing Corporation is responsible for:

- its impact on quality and affordability of housing;
- quality of advice, assistance and support to LHOs and other client organizations and agencies;
- quality of property management services for Nunavut public housing;
- to ensure housing services and support are provided in an equitable manner;
- improving the public image of the Nunavut Housing Corporation;
- the dissemination of information on best practices in the operation and construction of Northern housing;

- to use Inuit Qaujimajatuqangit in the Corporations decision making;
- to build constructive relationships with the other governments, agencies, departments and both community and Aboriginal organizations;
- to operate in an effective, efficient and economical manner.

Corporation's Core Business

Introduction

The waiting list in October 1999 shows that about 1,500 families in Nunavut are waiting for some form of housing assistance. As a percentage of the population this far exceeds the National rate of 12%. The total withdrawal of federal funding for new social housing has put a severe strain on the government's ability to meet the housing needs of our residents.

Increasing the number of homes and improving the condition of existing homes helps this government begin to address the other important social problems which children and families face. Providing people with proper housing addresses their basic shelter, safety and security needs so that more of their focus can be directed to other social issues.

Inadequate and overcrowded housing contributes to social and health problems, such as major diseases, marriage breakdown, alcoholism and child and spousal abuse. The financial results can be measured in terms of higher costs of health care, income support payments, policing and penitentiary service. Solving the housing problems of Northerners could reduce the cost of health services and social assistance by improving social and health standards. As long as housing problems exist for Northerners, communities will not be able to achieve wellness.

Functions

The Corporation operates in two main business areas:

1. Public Housing:

The Corporation provides financial, administrative, maintenance, construction and repair support to communities in order that they can provide subsidized rental housing to residents in need. Currently, communities offer Public Housing programs and operate units.

2. Home Ownership:

Through its Assisted Homeownership and financing programs, the Corporation assists residents who can afford the costs of homeownership to secure their own housing. There are several repair programs for homeowners, one of which is targeted to seniors. The Nunavut Housing Corporation can provide short term guarantees for interim financing.

Elements of this Business Plan include:

Public Housing Rental

The expansion of the Public Housing Program through the construction of 100 public housing units will provide additional needed housing for the lowest income families in Nunavut. This will cost about \$15,000,000.00 for the capital construction and an additional \$2,000,000.00 per year to operate these new subsidized rental units.

The expansion of the Public Housing Program can be accomplished through the leasing of 100 units from the private sector. This will require an increase of \$3,000,000.00 in O&M each year but does not require any additional capital funds as the buildings are built and owned privately.

Homeownership

With the emphasis on expanding the units available in the Public Housing Program the Corporation will only have \$2,000,000.00 to make available for assistance to home ownership clients through the various homeownership programs

Legislative Base

The Corporation operates as a Crown Corporation pursuant to the *Nunavut Housing Corporation Act*. The Corporation must operate within the parameters established by Part IX of the *Financial Administration Act* of the Nunavut Territories as a Crown Agency.

Environmental Scan

The Corporation has continued to monitor and study critical housing issues in the Nunavut in order to ensure that programs and services are responsive, effective and efficient. The critical issues in the following section were identified through the environmental scan process.

Critical Issues

1. External

The critical issues in housing that have been identified through the environmental scan and that must be addressed are:

- migration of residents from smaller to larger communities;
- funding from CMHC for existing social housing inventory is declining and will terminate completely in the year 2037. More resources need to be dedicated to the O&M of the existing public housing inventory;
- growing number of private households with adequacy problems linked to the need for major repairs;
- high cost of utilities (water, power, fuel) is consuming a greater share of the Corporation's resources; and

- lack of employment and economic development opportunities has contributed to lower individual and household incomes making it difficult for people to help themselves meet their own housing needs.

2. Internal

The Corporation's most valuable resource - our people - have experienced tremendous organizational changes over the last year. The creation of Nunavut has resulted in a significant loss of experienced and knowledgeable staff across all sectors of the Corporation. The movement of housing responsibility from CGHT to PWTTS&H and then to a stand alone Corporation has delayed the staffing and development of the Corporation.

Based on the results of the environmental scan, assessment of critical issues facing the Nunavut Government and the Nunavut Housing Corporation, and in the context of the broad goals of the Nunavut Government, the Nunavut Housing Corporation has developed appropriate goals and strategies to respond to the emerging challenges and opportunities.

Corporate Summary

Executive

The Executive is responsible for managing the corporation to ensure consistent application of policy, standards and procedure and program delivery throughout Nunavut. It also oversees the development of long-range plans, policies, and operational guidelines on Corporate matters for the Minister responsible for the Nunavut Housing Corporation and for the Executive Council (Cabinet). As well, it ensures that programs are delivered according to the Corporation's funding agreement with Canada Mortgage and Housing Corporation (CMHC).

Corporate Headquarters

Corporate Headquarters is responsible for the development of Corporate policy, strategic planning and communications. Corporate headquarters provides support to the Minister, the Corporate Executive and to the regional offices. It coordinates the preparation, monitoring and reporting of the Corporate O&M and capital budgets, administers the loan portfolio and provides accounting and treasury services. It provides support to the regions in the areas of programs, contracting, project management, design and maintenance.

Regional Offices

Delivery of services and support to communities in programs and services is managed through the Corporation's Regional Offices. Regional Offices set regional priorities and work with LHOs and individual clients to ensure programs are being delivered to appropriate standards through monitoring and assessment. They also carry out the delivery of services when not undertaken by the local community. The Regional Office is responsible to ensure the construction program is successful in their region. They are also responsible for developing a positive relationship with other government departments and agencies.

Local Housing Organizations (LHOs)

The corporation is partnered at the community level with LHOs. Most of the day-to-day duties associated with program delivery to individuals and families are done by LHO staff. Most LHOs are formed as independent organizations under the *Societies Act* (Housing Associations). The Iqaluit Housing Authority is formed under the Nunavut Housing Corporation Act. Some communities include the housing function within the municipality.

Relationships with the LHOs are based on operating or partnership agreements. Under the Rental Housing Program, duties include allocation of housing to community residents according to need. As well, LHOs provide the administration and maintenance services for the rental program. Several LHOs also have responsibility for parts or all of the home repair and homeownership programs. The partnership between the corporation and the LHO is based on a cooperative investment of resources (time, funding, materials and support).

Amortization

The Corporation owes CMHC approximately \$220,000,000.00 for loans to build social housing.

Investment Strategy

Information on the investment activity of the corporation is required in the Corporate Business Plan to comply with subsection 91(2) of the *Financial Administration Act*.

The types of investments the Corporation is restricted to are those specified in subsection 81(1) of the *Financial Administration Act* which states:

A public agency may invest money belonging to the public agency:

- a. in certificates of deposit, deposit receipts, notes or other evidences of indebtedness given by a bank in consideration of deposits made with the bank;
- b. in securities where repayment principal and interest is unconditionally guaranteed by a bank.

Investments are determined through cash management procedures ensuring surplus funds are invested in those forms of security which pay the highest level of interest while maintaining an adequate level of cash on hand to meet daily operating procedures. Projected investment income for 2000-2001 is \$400,000.00.

Goals

- Goal #1: The finalization of the establishment of the Nunavut Housing Corporation.
- This will enable the Corporation to fully staff the department and concentrate of Nunavut's Housing issues.
- Goal #2: The improvement of morale by empowering all staff to fulfill the mandate of the Nunavut Housing Corporation.
- This will provide the Corporation staff the time and resources required to develop a long term strategy to address the housing issues, such as review and implement changes to rent scale and housing programs.
- Goal #3: The completion of 100 new social housing units.
- This will address the concerns regarding the shortage of public housing units and overcrowding of houses in the communities.
- Goal #4: The implementation of a strategy to build community capacity to administer construction projects and housing programs.
- This will build capacity at the LHO to enable them to take on capital projects such as M&I, Retrofits and new construction. This will improve the condition of existing stock and make units energy efficient. It will also create economic development in communities.
- Goal #5: The acquirement of up to 40 social housing units by lease back agreements through the private sector.
- This will increase the number of public housing units and address overcrowding. This goal will utilize all available housing alternatives when it is cost effective to do so.
- Goal #6: The implementation of a public relations campaign to make the people of Nunavut aware of services provided by the Nunavut Housing Corporation.
- This will increase public awareness of service and programs offered by the Housing Corporation and will inform the tenants of the actual costs of providing housing to them by the Nunavut Housing Corporation.

Proposed Distribution of FMB \$2.6 Million Allocation

Goal #	ACTION	COST
3	Last quarter O & M for 100 new public housing units	\$ 500,000
4	Increased funding for LHOs for Petroleum Products Price Increase	\$ 601,340
4	Increased funding for LHOs utilities deficits	\$ 498,660
5	Acquire of up to 40 existing units including some leased private units.	\$1,000,000

Appendix A

NUNAVUT ENVIRONMENTAL SCAN CRITICAL HOUSING ISSUES

1. The Role and Place of Homes

Housing is important in Nunavut for two fundamental reasons: the role and place of homes in overall population health and community development; and, the role and place of homes in the economy.

Decisions related to investing in population health need to address a broad range of factors that determine the health of individuals as well as the population at large. These determinants of health include: income and social status; education and employment; and physical environments, and shelter.

1.1 In the Lives of Families

Suitable, adequate and affordable housing is vital to the social, physical and emotional health of families and their communities. Housing and the housing industry is a major contributor, directly and indirectly, to the quality of social and economic life in communities across the territory.

Prior to the creation of Nunavut and the establishment of the Government of Nunavut, the NWT Housing Corporation (NWT HC) had over the last quarter century played a key role in the housing area. The NWT HC played a dominant role in providing housing in many communities; ensuring suitable and quality housing for families who would not otherwise be able to afford it. The Nunavut Housing Corporation (NHC) is proposing to take an equally strong and committed role in the housing area.

The NHC remains committed to contributing to a 'population health' and comprehensive community development approach in Nunavut. This approach stems from both the overall importance of health, as viewed from a broad perspective, to our society and increasingly the need to manage the resources dedicated to it in a period of fiscal restraint. By investing in population health, we may benefit in several ways:

- overall social stability and well-being;
- increased economic prosperity; and
- reduced expenditures by governments.

1.2 In the Economy

A strong housing industry benefits Nunavut in a number of ways. Beyond providing shelter for families, the housing industry provides employment, creates investment opportunities and stimulates community economic activity.

The economic impact of housing construction is illustrated by the requirement for labour and

materials. A typical social housing unit generates employment for ten trades' workers and represents some 49% of the unit value. The remaining 51% are for materials, packaging/crating, transportation and accommodation in the community.

The housing industry includes building contractors, specialty construction trades, materials fabricators and suppliers, transportation providers and residential development services such as architects, planners, real estate brokers and agents, lawyers and property managers. Housing is a major source of small business investment and employment across the territory and Canada.

While the housing industry accounts for 2% to 3% of economic activity in most provinces, it is even more significant at the territorial level. Preliminary estimates from statistical and economic accounts indicate that activity by the housing industry in the former NWT¹ in 1996:

- included 1,416 directly related jobs;
- there were an additional 70 jobs in the northern manufactured products sector; and
- invested \$55.46 million in the housing sector (excluding commercial developments), with \$46.78 million in new dwelling construction.

2. Key Housing Demand and Supply Factors

2.1 Overview

The Canada Mortgage and Housing Corporation (CMHC) has documented evidence that a relatively small number of factors account for a large proportion of regional differences in housing across Canada. These include:

- the historical evolution of Canadian settlements and, in particular, where different regions fitted into the pattern of westward and northward movement of people;
- climatic and environmental differences which, in turn, shape the choice of housing materials, construction types, forms and standards;
- differences in the composition and dynamics of the population, including especially the degree of urbanization and migration. In Nunavut, the movement of Inuit off the land during the 1940s to 1960s and concentration into permanent communities has been a major factor in the provision of infrastructure, programs and services;
- related differences in the economic base and, hence, personal and household incomes of the different regions;
- differences in the geographic and population size of the regional economic, social and political system;
- differences in, and availability of, indigenous building materials, such as clay, cut stone and lumber;
- historical differences in the extent to which housing is rented or owned and in the legal systems surrounding tenure;

¹The definition of 'housing industry' was developed in conjunction with the NWT Bureau of Statistics. At present, economic accounts and some statistical data are only available at the NWT level.

- differences in investor preferences in each region; and
- differences in provincial/territorial government approaches to the regulation of land development, planning and building standards.

From these nine 'driving forces', many other housing differences can be anticipated.

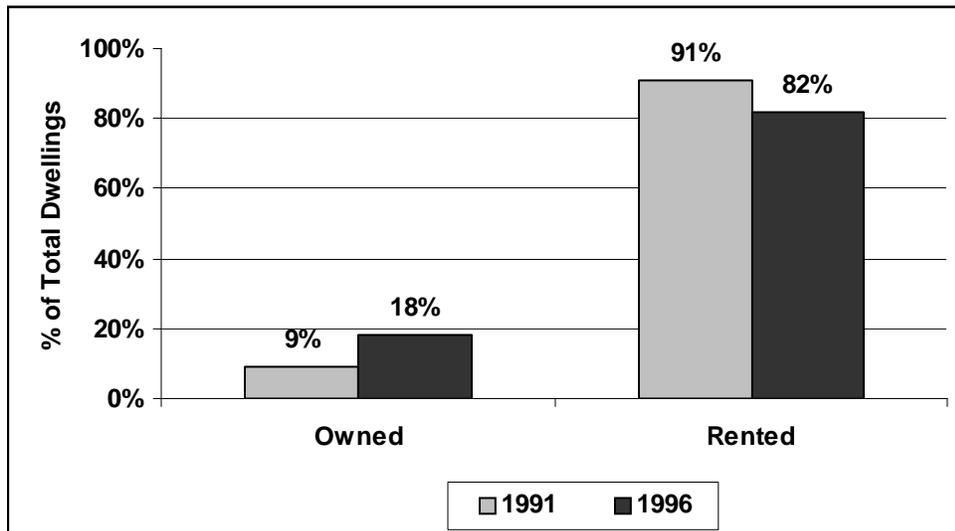
Within the context of Nunavut, housing needs are shaped by the interaction of 'demand' and 'supply' factors. In the most basic context, housing needs are affected by changes in:

- population (i.e., birth rates);
- urbanization/migration patterns;
- family and household structure;
- the local, territorial and national economy (i.e., employment levels, inflation, consumer saving and debt burden);
- personal and household income (and associated expectations);
- housing markets (i.e., house sales, vacancy rates, and mortgage interest rates);
- funding for public and private housing programs;
- legislation, policy, and administration.

2.2 Population and Housing Context

- In 1996 the total Nunavut population was 24,730.
- There were 6,290 occupied dwellings across Nunavut.

Figure 1 Proportion of Dwellings Owned and Rented, 1991 and 1996



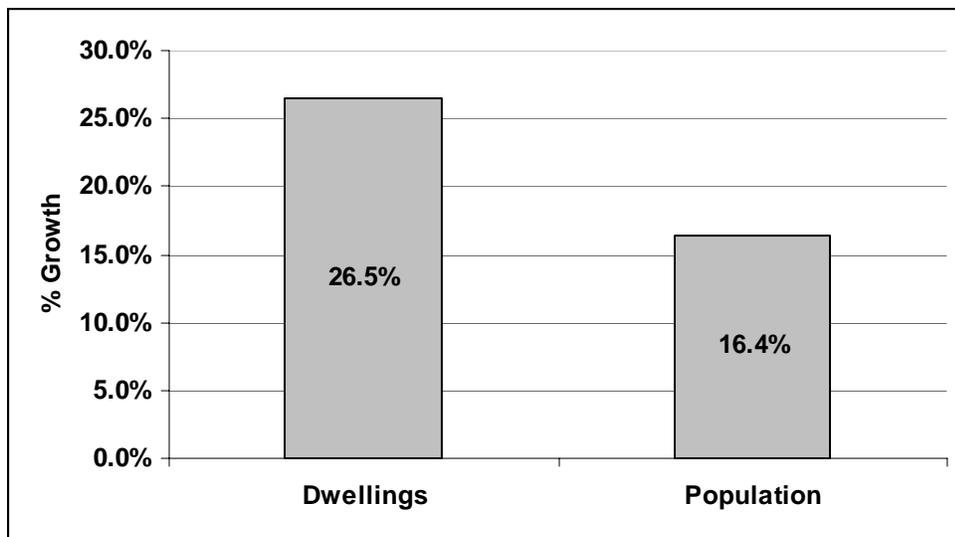
- In Nunavut, some 18% of dwellings were owned in 1996. This is a significant increase from 1991 when the rate was 9%.

- In 1996, public housing represented some 58% of the total housing stock in Nunavut.

2.3 Housing Demand Factors

- The Nunavut Housing Corporation maintains some 3,658 public housing units across Nunavut. This represents a total public investment of over \$126 million in the social housing stock across the territory.
- In 1996, a total of 14,516 persons, representing some 59% of the total Nunavut population, lived in public housing.
- Over 99% of tenants in public housing in the territory are Aboriginal.
- Over 96% of Nunavut households in core need are Aboriginal.
- Over 50% of public housing tenants also receive some degree of social assistance over the course of a year.
- Over the 1991 to 1996 period, growth in dwellings exceeded growth in population, where the number of dwellings across Nunavut increased by 26.5%, while the population increased by 16.4%.

Figure 2
Dwelling and Population Growth, 1991 to 1996



- The relative growth of dwellings to population over the 1991 to 1996 period was a continuation of the patterns over the 1986 to 1991 period, where the number of dwellings across Nunavut increased by 26.8%, while the population grew by 15.4%.

2.3.1 Birth Rate Dynamics

Nunavut is experiencing some fundamental demographic changes as it moves through different stages of what is called the 'demographic transition'. While the time spans of each stage cannot be accurately estimated due to numerous converging cultural, biological and economic factors, the stages of the demographic transition can be briefly summarized in the following general terms:

- Stage 1:
- generally high crude birth and death rates;
 - low rates of natural increase; and
 - population is stable.
- Stage 2:
- generally high crude birth rate, declining crude death rate (i.e., in part due to increased public health);
 - increasing rate of natural increase; and
 - rapidly increasing population.
- Stage 3:
- declining crude birth rate, low crude death rate;
 - declining rate of natural increase; and
 - slowing of overall population growth.
- Stage 4:
- generally low crude birth and death rates;
 - low or negative rate of population growth; and
 - population stable.

Nunavut is exhibiting these general patterns, which have been observed around the world, including more developed circumpolar regions. Nunavut is approaching Stage 3. Historical data indicates birth rates of 60 per 1,000 population in the early 1960s. There has been a continuing decline to the point where the crude birth rate stood at 29.8 per 1,000 in 1997. The corresponding rate for Canada was 11.9 per 1,000. The demographic transition is also evident in declining crude death rates for the territory for the same time period.

While the patterns emerging from the demographic transition provide a longer term population stability scenario, it is important to recognize that as birth rates begin their stabilization and decline in Stage 3, the *rate of population increase* also begins to decline. However, because the rates apply to a population base much enlarged during Stage 2 where the population increased rapidly, the *absolute numbers* involved remain high. The interim period remains a time of significant demand for housing, as well as a broad range of public infrastructure and services. The challenge remains significant for decisions regarding public investment.

2.3.2 Population Growth and Housing Demand Estimates

Population growth is an obvious driving force in creating demand for housing, in determining the rate at which development occurs, and over time, the age and condition patterns of the housing stock. Population and housing demand projections have been developed for Nunavut to the year 2006.

- In Nunavut the population projection to the year 2006 is for 30,195 persons. This represents an increase of 5,465 persons. Based on the average persons per dwelling, existing shortfall and projected replacement schedule for public housing, this represents a total need for 5,116 units to the year 2006.

By extrapolating existing housing core need in Nunavut (which is the mandate of the Nunavut Housing Corporation), the total core need demand projection is for some 2,499 units.

2.3.3 Migration and Urbanization

Recent migration and urbanization trends in Nunavut represent a significant emerging issue. In combination with general population growth where the growth has been concentrated in the small (less than 500 population) and the largest centers (greater than 3,000 population), movement of people to larger centers presents a further challenge to the provision of public infrastructure and services, particularly those related to housing.

While different pressures result in both the community of origin and destination, the common challenge is to ensure cost-effective services and the mitigation of housing costs due to either excessive demand or supply. The Government of Nunavut remains committed to a decentralization strategy, which will affect and be affected by migration and urbanization patterns and trends, both intra and inter territorial.

2.3.4 Family and Household Structure

Family and household structures are changing significantly across Nunavut, as well as across Canada. Statistical data for the last decade in particular illustrates that the number of households has been growing faster than the population in all regions of Canada.

People have been expecting and demanding more and more 'living space' in relation to their numbers and forming more households (as evidenced by the growing number of occupied private dwellings), with fewer members, as evident by declining average number of persons per dwelling. Changing values, expectations, availability of shelter options and household incomes shape both the demand and supply of housing.

In Nunavut, one-person households comprised 15.5% of all households in 1996. This compares to 12% in 1986. Two person households increased from 11.3% to 16.4% over the same time period. Larger households, with 6 or more persons, declined from 32.1% in 1986 to 22.5% in 1996.

2.3.5 Income and Housing Affordability

Changing income patterns and trends are affecting every region of Canada, including Nunavut, in large part because they are being impacted by the same broad social and economic dynamics. Research shows that affordability is driven more by a combination of regional/community location and household income than by actual housing costs. Simply put, households and communities with lower average household income tend to have greater affordability problems than those with higher incomes. Presented below are highlights relevant

to housing demand and supply:

- The 1996 average household income in Nunavut was \$50,279.00. This is marginally lower than the average 1991 income level of \$50,550.00.
- In 1996, the average household income in Canada was \$48,875.00.
- One-person households, which represented 25.2% of all households in Canada (compared to 16% in Nunavut) had a significantly lower average household income at \$25,318.00. The corresponding 1996 figures for single family households (representing 70.3% of households) and multi-family households (representing 4.5% of households) in Canada were \$56,869.00 and \$55,715.00, respectively.

The income patterns are to a large extent shaped by labour market conditions, specifically the availability of employment. The unemployment rate declined in Nunavut from 18.2% in 1991 to 15.3% in 1996. There were 1,840 more persons employed in Nunavut in 1996 than in 1991.

2.3.6 Household Types and Income Distribution

There continues to be debate about the statistical and economic methodology for determining 'poverty' levels. Some general insight into income distribution patterns and the incidence of low income is available through what Statistics Canada calls a "Low Income Measure" (LIM). The premise of which is that a person is 'poor' when his or her income is significantly lower than the average income of the population. Specifically, the LIM approach defines any person or family as 'poor' who has less than one-half (50%) of the average (median) income in their community.

Preliminary calculations based on reported 1995 income have determined that the LIM for the former NWT was \$26,039. Based on this approach there was an overall incidence of low income in 26% (representing 4,921 households) of households across the former NWT (Not adjusted for family size).

In Canada the incidence of low income is highest among lone parent families led by women. Their probability of being in a low income situation is about five times higher than for two parent families and four times higher than the rate for all people in Canada.

The situation in the former NWT largely reflects the national patterns regarding the incidence of low income. 43% of one-person households had an incidence of low income and female lead lone parent families had a rate of 61%.

The convergence of the dynamics of smaller households and incidence of low income present significant challenges to the design, management and delivery of both public housing programs and home ownership assistance programs.

2.3.7 Home Ownership Patterns

- Housing tenure shows significant change across Nunavut over the 1991 to 1996 period. There was a significant increase in the proportion of homes owned between 1991 and 1996 in the territory. In 1996 the number of Nunavut households who owned their home was 17.7%, a dramatic increase from the 1991 level of 9%. By comparison, the proportion of households in Canada who owned their homes in 1997 was 64.3%, an increase over the 1987 figure of 61.6%.
- The key factors contributing to this change include the impact of: home ownership units supported by the NWTHC's historic programs and services; the introduction of a new public housing rent scale in 1993 which encouraged (through increased rents geared to household income and various home ownership programs) higher income households to move to private housing, both rental and home ownership; and, the sale of surplus staff housing by the former GNWT.
- Under the former GNWT's revised staff housing policy, a total of 419 surplus staff housing units were sold in Nunavut since 1992/93. This represents over 56% of the 746 units sold across the former NWT during the same time period. The strategy to reduce the staff-housing inventory has had significant impacts on community housing demand and supply. In 1996, the former GNWT had a total of 576 staff housing units in Nunavut. 395 units (40.7%) were owned by the GNWT, while 576 units (59.3%) were leased.

Over the last decade, shifts in the ownership rates across Canada were greater for some household types than other, in part determined by household income levels. Households consisting of only a married couple experienced the greatest increase in how ownership rates changed over the decade: 67.5% in 1987 to 76.2% in 1997.

2.3.8 Mortgage Interest Rate Dynamics

The cost of home ownership is a major influencing factor in decision making by both current homeowners and prospective purchasers. Examination of the Bank of Canada 'prime rate' over the last two decades shows the extent of fluctuation in the prime rate, upon which consumer mortgage rates are based. Selected points in time provide a picture of a dynamic environment.

July, 1977	8.25%	August, 1986	9.75%
July, 1979	12.50%	August, 1990	14.75%
April, 1980	17.50%	August, 1993	5.75%
August, 1981	22.75%	August, 1995	8.25%
August, 1982	17.00%	August, 1997	4.75%
August, 1985	13.50%	July, 1998	6.50%

Mortgage rates are a key factor in influencing both the demand and supply of housing. While the financial market indicators anticipate generally low (in relative terms) mortgage rates for the near period, the Nunavut Housing Corporation will continue to monitor

mortgage rates and provide appropriate information and services to existing and prospective clients. As the Department has a significant housing portfolio, it is also directly affected by mortgage rates fluctuations. Increased debt payments resulting from interest rate increases mean fewer financial resources to be targeted to other needs.

2.3.9 Housing Core Need

The number of households in need in Nunavut in 1996 totalled 1,901 or 30.7% of all households. This compares with the 1992 NWT HC *Housing Needs Survey* result of 39.7% of all households in need (1,969 dwellings). Although there was slight reduction in the overall proportion of households in core need, the incidence of need in Nunavut is still two times the national rate.

Examining the number of Nunavut households that had a *housing problem* at the time of the 1996 *Housing Needs Survey*, indicates that some 2,523 households, or 40.7% of all households had at least one of the housing problems of suitability, adequacy or affordability. However, 24.8% of these households had sufficient income to solve their housing problem without government assistance (and were therefore not in core need).

Although this result is similar to the 1992 survey where 47.8% of all households identified at least one housing problem, the specific nature of housing problems in Nunavut has changed between 1992 and 1996.

While adequacy and suitability both declined as housing problems in Nunavut between 1992 and 1996, these two remained the most common housing problems. There was an increase in the number of dwellings that indicated an affordability problem between 1992 and 1996.

- Overall, core need increased for private households and decreased in public households.
- The proportion of all households in core need in Nunavut in 1996 was 30.7%, down from 39.7% in 1992.
- The proportion of private households in core need in Nunavut in 1996 was 27.6%, up from 15.6% in 1992. The corresponding figures for public households were 32.8% and 54.0%, respectively.

2.3.10 Overcrowding: Changing Occupancy Patterns

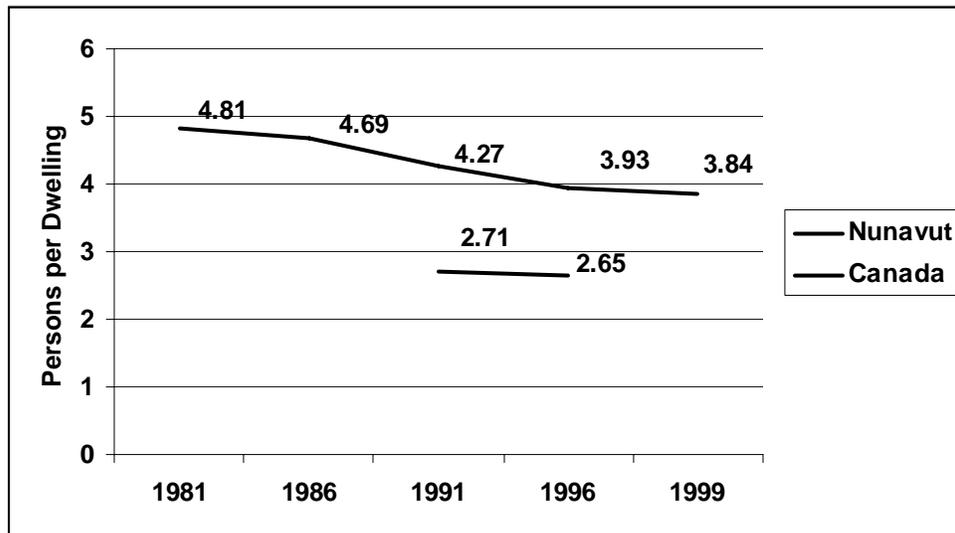
The Nunavut Housing Corporation determines core-housing need based on three national criteria: suitability, adequacy, and affordability. The suitability criteria is defined as where a dwelling is of an appropriate size for the number of people living in it; this is considered equivalent to a measure of crowding according to National Occupancy Standards.

The average number of persons per occupied dwelling in Nunavut for 1996 was 3.93. This compares to a national average of 2.65 persons per dwelling.

The average number of persons per dwelling in Nunavut has steadily decreased since 1981. There has been a corresponding pattern of decline in the former NWT, although

the magnitude of decline has been greater in Nunavut. The significance and magnitude of the trend can be seen in a historical context. Since 1981 there has been a decrease of 0.88 persons per dwelling for Nunavut.

Figure 3
Average Number of Persons per dwelling, 1981 to 1996



Note: 1999 figure is a proxy based on people in Public Housing in Nunavut

The trend towards a decrease in persons per dwelling is the result of a number of major factors: increased supply of housing stock; declining birth rates; changing family and

household structure (particularly the growth in single person households and single parent households); changes in incomes; and, changing preferences and expectations. The former NWT HC had undertaken special programs over the last decade to focus on reduction of overcrowding, both in public and private housing.

The declining occupancy patterns and trends present unique challenges for the planning and design of both public and private units. Detailed consideration needs to be given to the design and development (and redevelopment) of smaller, adaptable and affordable units to allow flexibility in the responding to changing household structure and occupancy patterns.

2.4 Housing Supply Factors

- There was an increase of 1,318 dwellings, representing an increase of 26.5% in the number of dwellings in Nunavut, between 1991 and 1996.
- The former NWT HC had in the face of diminished resources, withdrawal of federal government from the provision of social housing, and growing demand, continued to make investments into social housing through a number of policy and program initiatives over the last decade. The elimination of federal funding for 'new' social housing in 1992 has had and will continue to have a major impact on the

Department's operating environment. While a total of 1,548 public housing units were built by the NWTHC across the former NWT over the 1986 to 1994 period, 1,275 units (82%) were built prior to the 1992 withdrawal by the federal government.

- The NWTHC enabled 2,377 home ownership units to be delivered/constructed over the 1992 to 1998 period. A total of 1,293 units were constructed in Nunavut.
- Over the 1991 to 1998 period, the NWTHC has made available through public housing and home ownership programs some 432 units per year across the former NWT. Despite the supply of housing, core need continued to increase over the 1990 to 1996 period, where households in core need increased from 3,100 to 4,356 households (representing an increase of over 23%). The national core need figure is 12%.

2.4.1 The Pivotal Role of Housing

A number of key actions by the federal government have culminated in a difficult housing supply environment in the territory, as well as elsewhere in Canada:

- diminishing funding by CMHC for existing public housing stock;
- withdrawal by the federal government of any funding for new social housing in 1992;
- lack of a substantive response by the federal government to the Royal Commission on Aboriginal Peoples recommendations respecting housing and housing issues.

The Royal Commission on Aboriginal Peoples (1996) addressed the area of Aboriginal housing issues from a strategic perspective. The 'housing problem' was defined by three dimensions:

- lack of adequate incomes to support the private acquisition of housing;
- absence of a functioning housing market in many Aboriginal communities;
- lack of clarity and agreement on the nature and extent of government responsibility to respond to the problem.

Adequate housing and living conditions are viewed as vital to solving many other social, economic and political problems. The Royal Commission recommended a ten year housing strategy that would include the injection of capital (to address core need) and the integration of housing objectives with other social and economic activities to create a "synergistic effect, making housing a source of community healing and economic renewal."

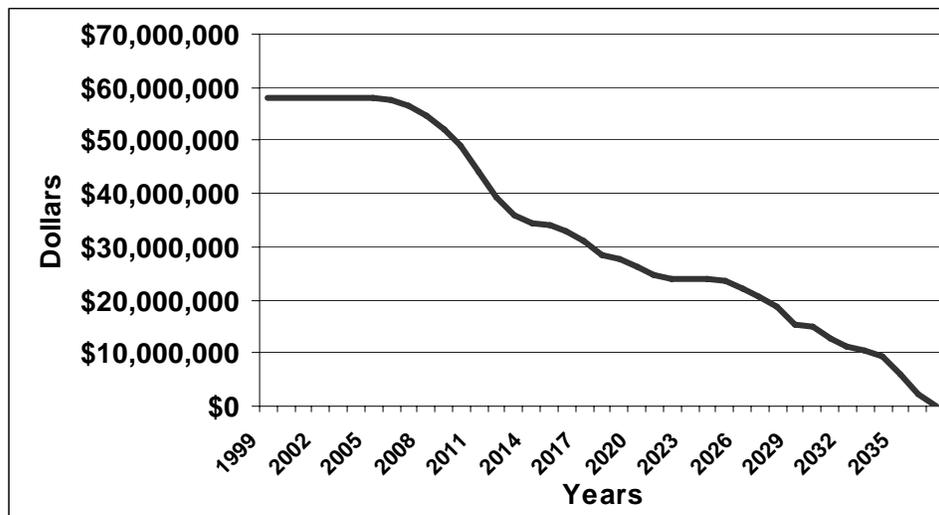
Housing programs and service efficiencies are a shared responsibility with communities and Aboriginal groups in order to achieve the goal of providing opportunities for all residents to have homes that support a healthy, secure, independent and dignified lifestyle. By addressing this facet of housing, the economic impact benefits will simultaneously be advanced. The *Social Housing Agreement* with CMHC is expected to provide additional flexibility for community based administration of programs.

2.4.2 Declining CMHC Funding

In 1997 the former NWTHC negotiated a global *Social Housing Agreement* with CMHC. The Agreement transferred the administration of social housing resources from the Government of Canada to the former Government of the NWT. The Agreement covers a period of 40 years, beginning with a \$91 million first installment of declining annual payments, totalling some \$2.2 billion dollars over the term of the Agreement. Funding from CMHC will terminate in the year 2037.

The division of assets and liabilities and the allocation of funding from the *Social Housing Agreement* between the former GNWT and the new Government of Nunavut is being finalized.

Figure 4
Future CMHC Funding for the Operation of Current Social Housing in Nunavut



2.4.3 Expenditures on Utilities and Maintenance

Expenditures in 1997/98 indicate that the utilities account for some \$47 million (51.3% of total budget) while maintenance consumes a further \$21.5 million (23.4%) across the former NWT. The corresponding figure for utilities in Nunavut was \$35.5 million. Maintenance costs totalled \$14.2 million.

The NHC will continue to invest in required O&M to extend the life expectancy of public housing units. The decline in adequacy problems in public housing reflects this strategic investment. With the declining funding from CMHC a priority will be to ensure that the existing investment in public housing units is protected of significance is the reality that units in circumpolar environments only have a 10 to 15 year life cycle.

The NHC has set a target condition rating for public housing units of 70% - a level at which a unit is judged to be in *good* condition. Given the current age of the housing stock, a significant amount of resources will be required to ensure acceptable housing standards. The 1998 condition rating of public housing units are as follows:

- In Nunavut, 78% of units (2,666) are at a condition rating of 71% or above. A further 18% (616 units) were between 51% and 70%. Some 4% of units (137) are rated at 50% or below, at which point a unit is considered for replacement.

2.4.4 Energy and Utility Efficiency

An analysis of utility expenditures in 1995/96 indicated that on average it cost approximately \$8,700 per public housing unit for heat, electricity and water and sewer, each year. The analysis concluded that energy use and efficiency in public housing is comparable to private housing.

Heating was found to be efficient given the significant historical investment in unit design and insulation. Options were identified for reducing the use of electricity and cost of water used in public housing across the former NWT:

- Electricity costs, \$16.9 million, will be reduced by the installation of new energy efficient appliances in older units and a tenant awareness program. It is expected that some \$3.5 million could be saved annually.
- Water costs, \$20.4 million, could be reduced by the installation of a water management system. Pilot projects have been developed to test the feasibility of the system. Preliminary estimates indicate that the current water and sewer costs could be reduced by up to 60%.