

Introduction

Nunavummiut need more shelter today, and will need much more shelter as the territory grows. The **current and projected demands** are dauntingly large, but are not insurmountable. They can be **met and resolved through a collaborative approach** between the Government of Nunavut, Inuit organizations, the private and non-profit sectors, municipalities and the federal government.

Government intends to engage in this approach through a comprehensive, long-term strategy to improve housing and reduce homelessness. It has developed a framework that defines strategic directions, describes challenges and opportunities, and suggests a series of practical and responsible actions. It will hold discussions within Government and with stakeholders and partners to establish a plan for more extensive collaborative actions.

As set forth in *Tamapta*, everyone deserves to have a home. To achieve this vision, Nunavut will need many more homes. This entails addition to the current stock and some replacement of homes that no longer meet acceptable standards. In growing and improving the housing stock, Nunavut will provide its people with adequate shelter — a basic requirement of life. It will also reduce the social and economic costs of severe overcrowding, deteriorating health, lowered productivity, reliance on government subsidies and support, and

homelessness — all of which place a burden on government resources. Further, it will provide a solid basis to support educational achievement, economic development and increase self-reliance.

To build more houses in Nunavut is a complex challenge. Nunavut must grow and maintain public housing, which already shelters nearly three in five Nunavummiut. It must also reduce and eliminate serious demand and supply barriers to residential construction and ownership, and accommodate a rising number of homeless people. This challenge can be met through a shared vision for housing, strong leadership, a commitment to work together, collaborative methods, and strategic targeting of resources.

This document is a summary of *Igluliuqatigiilauqta – Let’s Build A Home Together – Framework for the GN Long Term Comprehensive Housing And Homelessness Strategy*.

Housing Demand in Nunavut

The Nunavut Housing Corporation (NHC) commissioned the Nunavut Housing Needs Survey in 2009 to provide accurate, current data. The survey, the first to cover the entire territory, included all residential dwellings and used standard indicators to provide a clear picture of Nunavut's housing stock. It also examined the need for additional housing, and investigated the "hidden homeless" – people who lacked housing and who lodged temporarily in other people's homes.

The survey, completed in 2010, counted 9,400 units, including public housing, staff housing, private homes and rental units. Just over half the occupied units were public housing – subsidized rental dwellings managed by NHC and available to Nunavummiut who meet eligibility requirements. Property owners occupied just one-fifth of all dwellings.

"Usual residents" occupied 8,550 units; the remaining 850 dwellings were unoccupied¹ or occupied temporarily by persons who considered their usual residence elsewhere.² The survey also showed the number of people living in each dwelling type and the "occupancy rate" – the average number of occupants per unit.

Counting units and occupants, the survey also noted that:

- *Of all the occupied dwellings, 35 percent were crowded, 23 percent required major repair, and nine percent were both crowded and in need of major repair.*
- *Results for public housing show that 63 percent were crowded or needed repair, with 12 percent both crowded and needing repair.*
- *If more housing were available, 3,580 household groups living in crowded housing or housing needing repair would move from their current dwelling.*
- *Four percent of Nunavummiut – or 1,220 people – did not have a home and were living temporarily in another person's dwelling.*

Nunavut's population – 33,322 as of July 1st, 2011 – had grown by 18 percent over ten years.³ In the coming 25 years, it could rise by one percent annually to reach 43,000 by 2037 – a net gain of 9,500 residents.⁴

One percent may seem small but as an annual increase it will certainly accentuate the housing crisis. The impact of this growth will be determined by the range of available housing options for Nunavummiut.

1 i.e. burnt, abandoned, under repair, waiting allocation, for closures, etc.

2 Usual residents include a person or people who reside in a dwelling permanently and do not have a usual residence elsewhere.

3 Statistics Canada (2011). Estimates of population. CANSIM Database Table 051-0001.

4 This forecast depends on assumptions about population factors such as net migration, and the fertility rate of Nunavummiut women. Population projections and assumptions used in this Framework were made by Impact Economics, Nunavut Demographic Projection Model.

In 2010, Nunavut’s 32,833 “usual residents” lived in 8,550 homes – an average occupancy per unit of 3.84. For comparison Statistics Canada shows Nunavut’s average person per household rate at 3.7 compared to Canada’s average of 2.5.⁵ With the same occupancy rate holding through 2037, Nunavut would need 11,165 housing units – an increase of 2,615 units, added at an average rate of 97 units per year.

If the occupancy rate were to fall, the housing stock would need to rise by more than 2,615 units. And there is strong pressure for a lower occupancy rate, given the Housing Needs Survey’s finding that some 3,580 household groups would move from current dwelling, given the opportunity.

To what level could, or should, the occupancy rate fall? If all Nunavummiut who wanted a home could find one – including the 3,580 household groups who wanted to leave their units – then a *maximum occupancy rate* can be estimated, leading to an estimate of the maximum required housing stock. In 2010 that maximum number would have been 10,650 units, each holding 3.08 people.

Were that maximum occupancy rate to hold through 2037, Nunavut would need a housing stock of 13,908 housing units – a net rise of 5,358 units, or an average annual addition of about 200 units per year.

As Nunavut families are statistically larger than the Canadian average, one might consider a middle ground – a halfway approach. An occupancy rate of 3.46 – halfway between the 2010 rate and the “maximum rate” – points to a need for 12,386 homes by 2037. This is an increase of 4,115 from

the current stock and represents an increase of 142 units each year.

**Table 2:
Housing Demand, 2037**

Occupancy Rate	Housing Units Needed	Units/Year	Public Housing Units/Year
3.84	2,615	97	75
3.46	4,115	142	101
3.08	5,358	193	133

Under any of these scenarios, public housing will remain a dominant feature, as many Nunavummiut will continue to require this assistance.⁶ Strong economic growth accompanied by significant job growth could reduce the demand for public housing, but one must also appreciate that a great number of Nunavummiut have inadequate or inappropriate employment skills, poor labour mobility, and challenges with the existing support systems. For many years, and perhaps for decades, employment will elude these Nunavummiut.

If the proportion of Nunavut’s population who lived in public housing remained constant through 2037 – in other words, public housing continued to shelter 57.5 percent of Nunavummiut – then NHC would have 24,650 public-housing tenants. Even if the occupancy rate fell to the mid-point of 3.46 people per unit, then NHC would need 7,124 public housing units. This would require NHC to build roughly 100 public housing units each year at an approximate annual cost of some \$35 million, accompanied by an annual \$2.3 million increase in NHC’s operating budget. In all, the construction cost would approach \$1 billion over the next 25 years and NHC’s budget would need to rise nearly \$60 million for the additional operating costs.⁷

5 Source: Statistics Canada, 2006 Census of Population

6 An eligible applicant is 19 or older, not in arrears with NHC, and unable to afford the rent and operating costs of a suitably sized home in adequate condition without paying more than 30 percent of gross household income.

7 It should be noted that since the NHNS, the Nunavut Housing Corporation has built approximately 650 public housing units. This exceeds the needed build rate. However, these gains will be erased if no units are added in the next two years.

The Strategic Challenge

The solution seems simple: build more houses. But there are obstacles. **Strong economic growth has not raised incomes enough** for public housing tenants to save up to rent or buy homes on their own. **Tenants in staff housing have few incentives** to move out, and few places to go. And **residential construction faces serious impediments**.

Large gaps exist in Nunavut's "housing continuum," and they are not easily bridged. A housing continuum can be described as a line with two extremes: at one end, an owner-occupied home; at the other end, homelessness. Between these two points, various types of housing are supported either through the housing market (rentals and purchases) or by government (emergency shelters and social housing). Housing policies generally favour self-reliance, and promote movement along this continuum, toward unsubsidized rental housing and owner-occupied homes. Whether people can make these moves, however, depends on their ability to support themselves.

Nunavut's housing continuum skews heavily toward non-market housing provided or supported by government at a significant cost. Market housing is rare; there is some in Iqaluit, Rankin Inlet and Cambridge Bay but in most other communities it does not exist. NHC's public units represent 60 percent of all homes. Many of the remaining units are occupied by government employees who benefit from subsidized rent.

Nunavut's continuum gaps make self-reliance an extraordinarily difficult goal. Most Nunavummiut cannot afford housing unless it is subsidized.

The cost of building or buying a home, coupled with the cost of operating and maintaining the property, are well beyond their reach. This will probably remain true for many even if the economy grows steadily.

The costs of acquiring housing are remarkably high. The most recent survey of Iqaluit's real-estate market, carried out in 2011⁸, found the median price of a housing unit was \$367,000. This amount included single-family dwellings, NHC-subsidized condominiums, new construction and resales. The NHC recently completed 1,011 new public housing units – mostly multiple-unit buildings – at an average cost of \$405,500. Detached three-bedroom houses in Iqaluit recently sold for \$510,000.

Costs have hit these levels for several reasons. To begin with, construction is very expensive. Building supplies arrive by ship, which adds a sizeable freight component; and the construction workforce is sparse.

⁸ Canadian Mortgage and Housing Corporation, (2012) Northern Housing Report

Operating and maintaining housing is costly. NHC spends about \$23,180 annually to operate, maintain and administer a typical public-housing unit. Utilities represent 65 percent of this amount because a great majority of units rely on trucked water and sewage service, and because all units rely on oil for their heat and power. Utilidors—above-ground water and sewage—could be installed but at high capital cost. As well, oil-fired generators are the only source of electricity, leading to residential rates per kilowatt hour (kWh) of electricity that range from \$0.55 in Iqaluit to \$1.03 in Kugaaruk — a massive contrast to Toronto’s peak price of \$0.17.

Government has developed programs to encourage and support homeownership, including a down-payment assistance program, a rent-to-own program for public housing tenants, and a condo purchase program for government employees in staff housing. It also offers programs that help with the cost of home repairs.

Looking at affordability from another angle, many Nunavummiut have little or no income, and lack the savings they need to break their dependency on public housing. In 2010, Statistics Canada found average personal income in Nunavut actually exceeded the national average.⁹ However, median income levels were the lowest in the country, which indicates that a large number of Nunavummiut did not earn the high average income. In fact, income disparities in Nunavut were very large. In 2008, almost half the population – more than 15,000 people – received income support payments for at least part of the year. Clearly, a family bordering on poverty cannot afford anything other than public housing.

Almost none of these tenants could afford to buy a home. The Canada Mortgage and Housing Corporation (CMHC) defines an affordable

home as one whose costs do not exceed 30% of household income. The minimum income needed to own and maintain a house in Nunavut is in the range of \$102,500 to \$131,000. By this measure, 98 percent of public housing tenants could not afford to own and maintain a house such as the \$510,000 detached three-bedroom house described earlier. Its annual carrying cost – mortgage, utilities and repairs – would put homeownership beyond the reach of most Nunavummiut.

Income must also be viewed against the territory’s dependency ratio, which compares the number of income-earners aged 19 to 64 to those under 19, and to those 65 plus. Nunavut’s dependency ratio was 82.1, compared to a national ratio of 59.2.¹⁰ In other words, Nunavummiut who earned incomes supported more dependents than anywhere else in Canada. This lowered their available income for savings and mortgages, and left little for unexpected repairs and maintenance.

One might suppose that these conditions of low median income and high dependence on public housing would be reduced, even eliminated, through sustained economic growth. Certainly, Nunavut offers significant potential for economic development that would create jobs and wealth, contribute to government revenues, and improve the quality of Nunavummiut lives. Mining has re-emerged as a promising source of growth, and there are opportunities to grow tourism, commercial fishing, the arts sector and cultural industries. All these sectors are important to the diversification of Nunavut’s economy, but they will take many years to mature.

There are promising signs. Mineral exploration has risen across the territory since the 2008-09 recession, and development is gaining ground as well. But it is too early to declare mining to be a source of sustainable economic growth. The sector is inherently volatile as it is to prone to business

⁹ Statistics Canada (2011). Sources and Disposition of Personal Income. Provincial Economic Accounts. CANSIM Database Table 384-0012.

¹⁰ Statistics Canada, (2010). CANSIM table 109-5326

cycle and world market pricing influences. And the full impact of this sector's benefits has the potential to remain unrealized because Nunavut lacks transportation, telecommunications and municipal infrastructure. Along with housing, these are the building blocks of economic development, and the base of healthy, sustainable communities. Much of Nunavut's wealth – potentially vast – remains stranded. It may support future generations of Nunavummiut, but it contributes very little toward their shelter today.

Even breakthroughs like the Meadowbank gold mine offer only a limited prospect for easing Nunavut's housing crisis. The Nunavummiut hired by the mine raised their incomes, but not by enough to buy or rent housing in their home communities, even if they had saved most of what they earned. Even when economic development produces steady employment and improves financial security, the high cost and limited availability of housing options compel many Nunavummiut to continue on as public-housing tenants.

Without a large and growing private sector, the public sector will remain the principal force in Nunavut's economy, perhaps for decades. In 2010 government accounted for 91 percent of all economic activity in Nunavut. Of the 11,000 jobs in the territory, 6,000 were in the public sector. The Government of Nunavut, as the major employer, will see its budget rise in step with population growth; this much is assured by the agreements through which the federal government provides almost 93 percent of the territorial government's revenue.

While the public sector provides Nunavut with a source of economic stability, certainly for Iqaluit and the ten communities that house government departments, it is not a promising source of economic growth. More troublesome, in the 14 communities where government has no departmental offices, there are few other

economic drivers. Today, residents in these communities have sparse opportunities to build wealth to buy a home. New opportunities, such as a new mine, would bring jobs and perhaps savings, but too often they operate for only ten or 15 years. They do not necessarily provide the sustained economic vitality that could help workers to secure a mortgage.

Affordability is also an issue for the occupants of staff housing, but not to the same extent as for public housing tenants. A household receiving two government paycheques should be better positioned to consider buying a home or even renting one, but it faces two obstacles: a lack of incentive, and a lack of opportunity.

To attract and retain employees, government provides a taxable allowance of \$4,800 annually to homeowners and private market renters, or the use of a home owned or leased by NHC. At last count, government owned or leased 1,391 staff housing units, and 78 more units were being built.¹¹ Staff housing existed in all 25 communities, with 629 units in Iqaluit and the majority in the ten communities that host decentralized government departments or agencies.¹²

Even if government employees wanted to leave their subsidized units, the great majority of them could not. As noted earlier, a housing market simply does not exist in many communities. Even where rental markets exist, too few units are available. Iqaluit's vacancy rate for apartments in 2010 was just 0.4 percent – one of the tightest, and certainly the most expensive – rental market in the country.¹³

Consider the alternatives in Iqaluit: The \$510,000 three-bedroom detached house described earlier or the unsubsidized monthly rent which ranges

11 Nunavut Housing Corporation (2010/11). Annual Report 2010/11.

12 Nunavut Housing Needs Survey.(2010)

13 Canada Mortgage and Housing Corporation, (2012). 2010 Nunavut Housing Survey as cited in Iqaluit Housing Review.

from a \$1,386 bachelor unit to \$3,402 for a four-bedroom unit. Meanwhile, the average subsidized rent paid for staff housing is approximately \$1,542 per month for a two bedroom unit. Lack of a resale market is a substantial disincentive to homeownership in most communities.

In 2006, government made a concerted effort to persuade employees to leave staff housing. In Iqaluit, the goal was to eliminate staff housing by 2010. But there were too few homes available to rent or buy. Many employees actually left the territory, perhaps fearing a dramatic, unaffordable rise in their cost of accommodation.

Meeting the Challenge

Having taken stock of the current and future demand for housing, and looked at some of the obstacles in meeting this need: what **realistic measures** can government take to improve the situation? There are **opportunities** that government can pursue on its own while others will require the **help of current and future partners**.

Government's first course of action is to identify and remove barriers to housing delivery. Major barriers include the lack of developed building lots in communities and the need for more infrastructure to support housing. There are many more demand and supply constraints that hinder the positive effects of housing investments. In removing them, government can maximize the benefit of each dollar invested in housing.

Identifying barriers allows government to be in a better position to build a business case that establishes the linkages between investment in residential construction and its socio-economic benefits. This business case is needed to help government better plan its capital spending by making sure that housing and infrastructure are not developed in isolation. Implementing such a business case would then strengthen the GN to engage the federal government in a discussion on how to address the accumulated infrastructure and housing deficits in Nunavut. But first, government must do all it can to ensure it is ready to realize the full return on the level of investment required to meaningfully address Nunavut's housing crisis.

In economic terms, home-building creates jobs and wealth, but it also implies additional investment in community infrastructure. A new house does not stand alone. Rather, it is integrated

into its community through roads, water and sewage services, and the local electrical utility. Growing communities need greater government services, including education and health care. Long-range planning would benefit from a clear understanding of the relationship between residential construction and infrastructure requirements. This approach would enable government to develop a long-range financial plan to prioritize and strategically target its capital investments and maximize their benefits.

In addition, government needs to clearly understand how investment in housing could reduce its spending on social programs – and, conversely, how underinvestment would raise social costs. Intuitively, a greater housing stock should improve the quality of life and reduce the need for health and social-services interventions. But this relationship needs to be quantified so that it can be included in the overall cost-benefit analysis.

At the program level, there are a number of other actions the Government of Nunavut can and should take. Given the high costs of homeownership and the lack of a private market, the GN Staff Housing program has become a semi-permanent alternative to market housing. While the GN Staff Housing program will remain an important element of government's human

resources strategy, it is clear that staff housing could, and should, become a stepping-stone to private-market rental and homeownership. The program should help new employees to settle in to the community and, where market housing exists, encourage them to rent or buy their own home.

Government must consider how to adjust its homeownership programs to attract more Nunavummiut into the market for owner-occupied homes. Government has already established programs to help with down payments, and repair costs. It has programs to help public housing and staff housing tenants make the transition into market housing. It can improve these programs by working with developers, municipalities, and financial institutions to increase the private rental market and make homeownership more attractive and affordable.

However, without ensuring supply barriers are addressed first, making programming decisions has the real potential to aggravate already strenuous circumstances; as demonstrated by the GN's efforts to review its Staff Housing policy in 2006. Both supply and demand drivers need to be addressed to ensure a balanced approach to resolving Nunavut's housing crisis.

Government's main focus with regards to housing must be on increasing public housing in the short term while enabling the conditions that will allow the private market to grow. In an ideal scenario, prospective homeowners would find the technical expertise and financial advice that they would need to transition into market housing. Homebuilding companies would explore new, more economical approaches to design, construction, and energy efficiency.

To enable these types of scenarios government must find ways to help municipalities make lot development easier and cheaper, and to implement more efficient delivery mechanisms for water, sewage, and electrical service.

Better land use and community planning is required. Although government is already undertaking land planning exercises throughout Nunavut, greater interdepartmental collaboration on these types of projects would ensure a holistic approach to land development. Land use planning must be designed to encourage economic development and a better use of local resources with the right combination of private and public housing, and commercial and residential use, to ensure a healthy mix for Nunavut's growing communities.

In short, there are plenty of options to explore, and government will include Inuit organizations, the private sector and other partners in establishing the best approaches.

Moving Forward Together

The NHC has developed the Framework to meet the challenges of growing and improving Nunavut's housing stock, and improve the choices available to Nunavummiut. It **provides the context for discussions** about housing in Nunavut, **brings forth the issues to be addressed**, and **recommends strategic directions** for government, its partners and stakeholders to guide the development of an Action Plan.

The Framework provides four clear goals to further refine an overall Strategy for Housing and Homelessness in Nunavut. These four goals will focus the action plan into a set of well-defined, achievable steps combined with specific tasks, assigned responsibilities, and allocated resources while making certain that the action identified remains faithful to the overall strategic direction of the Framework.

Together the Framework and action plan will constitute government's comprehensive long-term strategy on housing and homelessness.

The Framework's strategic directions are straightforward:

- **Increase housing stock:** *the size and nature of Nunavut's housing stock must grow to meet the needs of the people.*
- **Improve collaboration:** *solutions to Nunavut's complex housing challenge demand much closer collaboration among all stakeholders, and specifically among government departments and organizations.*

- **Identify gaps in the housing continuum:** *gaps in Nunavut's housing continuum must be identified and researched to ensure a full range of housing options suitable to the specific needs of Nunavummiut can be developed.*
- **Instill self-reliance:** *actions to address Nunavut's housing crisis should aim to reduce dependence on Government and encourage in Nunavummiut a greater sense of self-reliance.*

The goals for an action plan appear clear: it will need to target barriers to housing demand and supply, and find ways to improve affordability and increase investment. Broadly, the proposed actions fall within four goals:

- **Define housing demand factors:**
Government needs to understand how the demand for housing will evolve over the next quarter century. Until now, that demand has been simply for more housing. Over the next 25 years, Nunavut’s population and its housing needs will change. Nunavut needs not just more housing, but housing that better matches the specific needs of Nunavummiut.
- **Eliminate barriers to housing supply:**
Government must remove the barriers preventing the growth of Nunavut’s housing stock including ensuring land is available for construction – properly planned and zoned, and supported by appropriate infrastructure.
- **Improve housing affordability:**
Government must improve housing affordability, both by reducing costs and by helping Nunavummiut to get more value from their housing dollars.
- **Increase housing investment:** *Having established housing as a funding priority, government must attract additional investments in housing. Such investment would come from different sources, from within the GN as well as the private and non-profit sectors and birthright corporations. Federal funding will be critical to make meaningful gains in meeting the sheltering needs of Nunavummiut.*

Nunavut’s need for more housing is very real. Just to start making a dent in overcrowding, the NHC must build approximately 100 public housing units annually. It will need to build even more housing to adequately shelter women and children fleeing domestic violence, and the homeless. The Government of Nunavut must also find ways to accommodate a growing student population and the aging Nunavummiut who will need long-term care facilities.

And it will need a measured and realistic staff housing program that retains a public service, while encouraging homeownership and private investment in rental housing. The financial implications of these challenges are daunting. However, the expenditures are just a fraction of what will eventually need to be spent on health and social services in the future, if action on housing is deferred today.

Outcomes

Everyone deserves to have a home. That vision must drive the quest for a new approach to housing and homelessness. The **vision can be achieved** through a **shared approach** to setting priorities and a **shared commitment** to move forward together.

The benefits are clear: investments in homes and related public infrastructure create jobs and economic growth, and help to resolve Nunavut's inequities in health, education and poverty. Above all, they provide Nunavummiut with adequate shelter – a necessity of life and the base upon which the people can build a healthy, sustainable future.

Through closer collaboration between government and its partners, the elimination of barriers to housing supply and demand, and the strategic targeting of available resources, Nunavut's housing challenges can and will be overcome.

