

YUKON'S HOUSING INDUSTRY
AND
COMMUNITY ECONOMIC DEVELOPMENT

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ABSTRACT

In 1986, during Yukon's worst recession in twenty years, the territorial government began a two-year process to develop an economic development strategy. The result was *Yukon 2000*, a plan for community economic development (CED). Concurrently, but not as part of *Yukon 2000*, the 1986 *Yukon Housing Needs Study* reported the percentage of people in *core housing need* in Yukon highest in Canada. This thesis identifies new policy initiatives to meet housing needs and help achieve the community economic development goals of *Yukon 2000*.

The *Yukon 2000* process overlooked the housing industry for several reasons. These include the industry's low visibility during the recession in the early 1980's. Also, decision makers and planners knew very little about the industry because the data base for the Yukon housing industry is extremely weak. Most CMHC statistical reports either meld data on Yukon with data on another jurisdiction or do not report on Yukon.

The goals of *Yukon 2000* are to provide options for people to earn a living in Yukon, to control their future, to protect the environment and to create an equitable society. These goals apply to the *Yukon* community and to *each* community within the territory. Critical to achieving these goals is diversifying the narrow base of the isolated economy, in part, through import replacement, meeting social needs, devolving decision making and distributing resources more equitably.

The *Market* and *Non-Market* sectors of the Yukon housing industry are unstable and there is strong evidence the *Market Rental* sector is not working. Throughout the 1980's, the Yukon and Canada housing corporations have consistently failed to meet planning targets for new social housing. This thesis defines policy options for the Yukon government to stabilize the industry, meet planning targets and increase federal spending in Yukon.

Housing is a unique industry because of what housing means to individuals, groups and communities. The right to adequate, affordable and suitable shelter is a fundamental one not available to about one third of people in Yukon. On a per household basis, the housing corporation in the Northwest Territories has ten times more social housing than the housing corporation in Yukon.

Yukon Housing Corporation and Canada Mortgage and Housing Corporation have funding for about 130 new social housing units each year. Increases in the Yukon population will generate demand for an additional 300 new units each year through the 1990's. New construction and housing renovations are an important part of the small Yukon economy.

This thesis developed sixteen criteria to measure the impact of fourteen housing programs on CED. These criteria were developed from the goals and objectives of *Yukon 2000* and the literature on CED. This thesis compares the relative impact of each program on CED. Based on this analysis, modifications to program delivery are suggested.

The Yukon economy is particularly susceptible to boom and bust cycles. These cycles and other characteristics of the economy inhibit investment in the housing industry despite generous government incentives to businesses. This thesis proposes ways to increase this investment.

The Yukon government has the resources to meet housing needs and stabilize the housing industry. That Yukon government can use the industry to diversify the economy and help achieve the four *Yukon 2000* goals. It can create a win-win environment, meet housing needs, create employment and business opportunities and develop new leadership. This thesis describes the important roles of governments, the private sector, communities and non-governmental organizations in the housing industry. It describes the possible roles of each in a CED strategy to respond to housing needs and problems with the housing industry.

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1. Introduction

In 1986, during Yukon's worst recession in twenty years, the territorial government began a two-year process to develop an economic development strategy. The result was *Yukon 2000*, a plan for community economic development (CED).¹ The four goals of *Yukon 2000* are:

- **THE OPTION TO STAY IN THE YUKON:** Yukoners see our territory as a place to live, work, learn, and raise a family. We want it to stay that way, but we also want to be able to earn a living in our chosen place. Development must offer us a chance to support ourselves and our families, *within the territory and within our communities*.
- **CONTROL OF THE FUTURE:** Yukoners want more control over the economic future of the territory. The keys to greater control are more *regional and local* decision-making, increased authority for communities, and a higher level of Yukon ownership.
- **AN ACCEPTABLE QUALITY OF LIFE:** Yukoners want development to preserve and enhance the quality of Yukon life. We want wages, business opportunities, and public services comparable with the rest of Canada. But we are not prepared to sacrifice either the potential for living off the land or the unspoiled natural environment that surrounds us.
- **EQUALITY:** Development should ensure an equal economic chance for all Yukoners, including those who do not currently have equal opportunity. (*Yukon 2000*, page 3) (emphasis added).

These goals clearly distinguish between the *Yukon* community and *individual* communities within the territory. The *community* in community economic development in Yukon can mean two different things.

Concurrently, but not as part of the *Yukon 2000* process, the 1986 *Yukon Housing Needs Study* reported that housing needs are much greater in Yukon than anywhere else in Canada. Approximately one third of Yukoners are in *core housing need*.²

Core housing need is a definition used in all the provinces and both territories. It means a need for better housing by households who:

- occupy crowded or inadequate dwellings and pay less than 30% of their income for shelter but for whom basic shelter costs for an adequate and uncrowded dwelling would consume 30% or more of their income; or
- pay more than 30% of their income for shelter, and for whom an adequate and uncrowded dwelling would consume 30% or more of their income; and,³
- have incomes below a level or threshold set annually for each area in Canada.

The high incidence of *core housing need* in Yukon and the precipitous decline in market rental starts in the 1980's are both strong indications the *Yukon Market Housing and Social Sectors* are not meeting housing needs. It is timely that a review and analysis of the housing industry occur. It is also timely to conduct a study which identifies ways the industry can work better, specifically to meet housing needs and the four *Yukon 2000* community economic development goals.

1.1. Thesis Statement

The purpose of this thesis is to identify ways the Yukon government can assist Yukoners and Yukon communities meet housing needs and help achieve the four *Yukon 2000* CED goals. This thesis explains why the Yukon government must play a formal leadership role in

the housing industry to meet these goals. This thesis shows that the purpose of this leadership role should be to:

- a) increase production of Yukon harvested and manufactured building products and use of these products in the Yukon housing industry;
- b) stabilize the level of new housing starts from year to year;
- c) stabilize employment and investment in plant, equipment and professional development;
- d) provide greater certainty for housing industry workers, investors, and businesses;
- e) meet housing needs not met by the housing market;
- f) identify a mix of social housing programs designed to optimize the community economic development benefits of these programs;
- g) optimize the community economic development benefits of government spending in the housing industry.

1.2. Rationale for this Thesis

The *Yukon 2000* Strategy overlooked the housing industry for several reasons. The most important of these was the low visibility of the industry during the recession which motivated the Yukon government to develop *Yukon 2000*. In their *Annual Report* for the BC/Yukon Region in 1982, CMHC reported, "By mid-year, the housing markets across the Region were nearly dormant (CMHC:1983 p.1)." The industry remained depressed for several years. In their 1984 *Annual Report*, CMHC reported "the lowest level of new housing starts [across the Region]

in more than two decades (CMHC:1985 p.1)." In Whitehorse, the Yukon capital, there were only 11 new housing starts in 1983, 21 in 1984, and 27 in 1985.⁴ By 1986, there was some recovery with 119 starts.

Based upon the performance of the housing industry in the early 1980's and the dearth of information about it, it is indeed understandable how planners and participants all but eliminated housing from the Yukon 2000 deliberations. However, this thesis shows that the housing industry can help achieve the four *Yukon 2000* CED goals. Using existing resources and available, for-the-asking federal funding, the housing industry can create new businesses, new jobs, new leadership, new community organizations, and thus revitalize communities.

The housing industry involves people, needs, human rights, homes, personal investment, ownership, privacy, security of tenure, employment, business, and communities. It also involves issues of community planning, neighbourhood revitalization, Not In My Back Yard (NIMBY), and the image of the community (how residents and others perceive it). The housing industry is not simply construction in the same way that houses are not just buildings.

The housing stock in a community is an indication of it's wealth, character, and capacity to support members acquire shelter, a fundamental human right.⁵ Housing in this sense means neither fee simple ownership nor occupancy of a single detached dwelling, the Canadian and Yukon housing norms.⁶ Rather, it means that suitable, affordable, and adequate shelter is a right of every Canadian. This thesis shows the housing stock to be an essential part of a community because of its social, psychological, cultural and economic importance. Housing alternatives and opportunities and the existing housing stock are part of a community's amenity factor. This factor affects the locational decision of firms and workers. Because housing is an essential part of a community and its economy, so too the housing industry must be part of a CED strategy.

The characteristics of the housing industry make it a unique industry. It differs in fundamental ways from farming, tourism or mining. Government and community responses to housing needs and housing programs depend on many variables. Most people in Yukon would welcome a new business that would create hundreds of jobs throughout the territory and not have a negative impact on the ecosystem. Governments would offer such a business an array of incentives to locate in Yukon. However, people in Yukon have not extended that same welcome to the housing industry or social housing programs.

The Yukon government has the resources to respond to divergent housing needs and demands. That government exercised its mandate and committed resources to initiate and implement processes to define community economic development goals and objectives. Experience with mine, railway and business closures also exemplifies that expenditures by governments are much more reliable over the long term than expenditures by international corporations. This thesis shows government spending is a base on which to restructure the housing industry so it is better able to meet housing needs and the goals of *Yukon 2000*.

CED is a new concept and one which will be difficult to implement. This is particularly true in the housing industry in Yukon where there are certain anachronisms and contradictions about the role of government. Some people in Yukon participate in debates on housing policy that took place in the rest of the country in the 1920's.⁷

Many long-time Yukon residents, particularly those in the rural areas, grew up poor. Their poor housing conditions were, and for many remain, an indication of this poverty.

In many Yukon communities, poor housing conditions remain the norm. Planners do not receive a very hospitable reception when they meet with people in the communities to discuss and report on housing programs and conditions. Many people have strong resistance to improving the housing stock, part of a communities wealth and economic base, with social

housing programs.

A frontier philosophy about housing, a basic human need and human right, persists in Yukon. This frontier philosophy is that individuals are responsible for meeting their own housing needs. In this philosophy, housing is something unique. Most frontier philosophers do not suggest, for example, that education or health care be left to the individual. Rather, they support a role for government in these important areas.

Part of the frontier philosophy is the belief people *choose* to live in inadequate housing without running water because of some romantic attachment to the "cabin lifestyle." Perhaps some do, but for most people living in these conditions, their harsh poverty is no romance. The contradiction inherent in this frontier philosophy is that while opposing government response to *core housing need*, frontier philosophers support government aid to homeowners and assisted home ownership. They also support government subsidized land development for housing middle and upper income earners.

In addition to opposition by frontier philosophers and partisan politics, there will be at least two causes for resistance. First, people who benefit, or perceive they benefit, from the unequal distribution of wealth and housing, will resist CED. This is because CED, as defined by the Social Planning and Review Council of BC and in the final *Yukon 2000* report, causes a more equal distribution of resources and the empowerment of new people and communities. The second source of resistance will come from people in institutions, particularly government, who do not yet have the requisite systems and personnel, in numbers or in qualifications, to plan and develop CED.

Excessive bureaucratic resistance...will not only hold back the new way of life and retard the new stability, it can damage us by holding onto a yesterday that no longer fits while weakening the appropriate responses

now striving to survive in our industrial societies (Nicholls and Dyson, 1983, p. 182).

The Yukon government is on record as saying that *Yukon 2000* is the yardstick by which it will measure future decisions.⁸ This thesis shows that measured against this yardstick, the government continues to fall short in the housing area. This thesis shows a more proactive approach by the Yukon government is essential for the housing industry to function within the *Yukon 2000* framework.

The role of the Yukon government in the housing industry is especially critical in Yukon for four reasons. First, there is a high incidence of *core housing need* in Yukon; in fact, it's the highest in Canada. Second, the Yukon non-governmental organization (NGO), non-profit sector has a limited capacity to increase the supply of affordable housing. There are no housing co-operatives, housing resource groups, or anti-poverty and other such pressure groups. Third, the number of new private sector rental housing starts has fallen off in the 1980's. That sector is not responding to housing needs. Fourth, the Yukon government began the consultative process to develop the *Yukon 2000* strategy and now is implementing ways to achieve the goals the process identified. The scope of recommendations in this thesis covers how to begin to achieve these goals in one industry, housing.

The Yukon government adopted an import substitution policy as part of the *Yukon 2000* strategy.⁹ This thesis identifies some of the ways that government could work with the housing industry to achieve the import substitution objectives.

Building new housing is neither necessary nor sufficient to cause community, economic, or community economic development. Building new housing could cause underdevelopment and unemployment. The urban renewal schemes in North America in the 1960's proved building new housing can even destroy communities and reduce the stock of affordable

housing.

Some housing programs such as co-operative, private non-profit or public non-profit programs require community institutions to make them work. As discussed in Chapter 4, these community institutions facilitate and support the process to develop the leadership necessary for community development.

In the broader Canadian experience, there are community based co-operatives and non-profit societies in localities with both high and low levels of political efficacy. Community control of broader community planning processes is *not* essential for a community or community group to control the supply of social housing. However, the development of community leadership and organizations is an integral part of community economic development. Some housing programs, like the Co-op and Private Non-Profit, can create community leadership and organizations. This increases the wealth and strength of communities. Leadership and organizations are resources communities need to take control of community economic development.

1.3. Thesis Scope

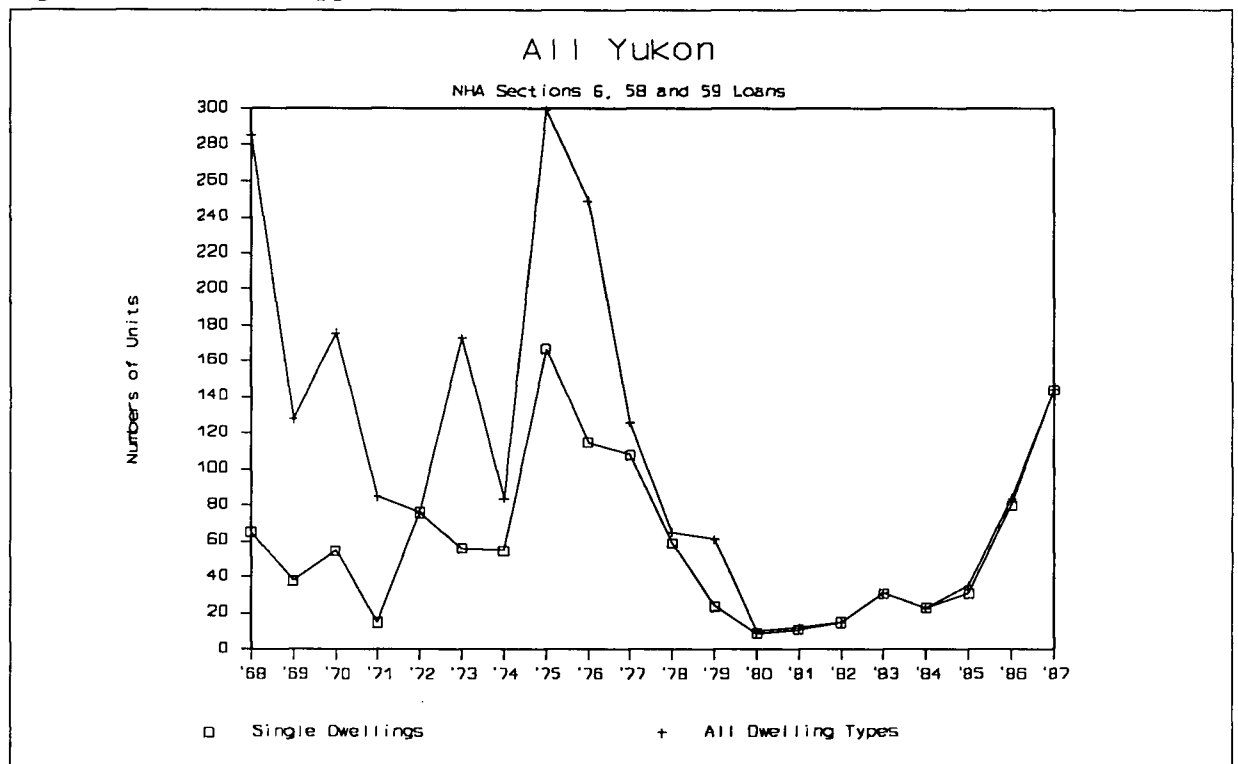
The scope of this thesis is the community economic development (CED) opportunities created by one industry, *housing*. Data presented in this paper shows housing is an integral part of CED. It will also reveal that social housing programs are an important part of the housing industry and the way to meet many housing needs.

This thesis shows that, despite great housing need, the supply of social housing in Yukon by housing corporations has always been at levels less than governments financed them to provide. The two housing corporations in Yukon, Canada Mortgage and Housing Corporation (CMHC) and Yukon Housing Corporation (YHC), have never met planning targets for the

supply of social housing. This thesis will also show that for the few units the housing corporations manage to deliver, they use a social housing program mix which has a low propensity to cause CED.

Yukon communities, the economy, and Yukoners in *core housing need*, all benefit from building social housing. However, in the 1980's, there were far fewer social housing starts than were possible with available resources. The result: the benefits of this new home construction for Yukon communities, the economy, and people in *core housing need* were very limited. Opportunities for CED were missed.

Figure 1 NHA Loan Approvals: New Units 1968-1988



Data shows that in the housing industry, both the market and social housing sectors are unstable. As shown in Figure 1, a very consistent feature of the Yukon housing industry is its instability.¹⁰ This instability is not good for CED, people in core housing need, the housing

industry, or the economy.

This thesis shows that the causes for the instability in the market and social housing sectors are fundamentally different. It also discusses the warning signals that the market housing rental sector is failing or indeed, has already failed. Chapter 4 provides an analysis of the menu of social housing programs. Chapter 5 presents a strategy to cause some stability in the industry and in Yukon communities. This strategy advocates increasing community control of the housing industry, increasing employment in it, sharing the economic benefits more equally among Yukon communities, and adopting an integrated approach to developing the industry.

This thesis describes and analyzes opportunities for CED created by the Yukon housing industry and by the role of governments in that industry. This thesis also offers some policy options for one of these governments, the Yukon Government, to support CED initiatives in the housing industry. It also describes ways to increase the use of federal funds to build affordable housing.

1.4 Research Questions

This thesis answers some important questions about the Yukon housing industry and the role of government in it. These questions are:

1. How is the Yukon housing industry working?

- a) what is the historical performance of the industry?
- b) what are the roles of governments, the private sector and community groups?
- c) is the industry meeting housing needs and if so, which ones?
- d) what linkages does the industry have to other industries? Are these linkages

important?

2. What is the relationship between the housing industry and Community Economic Development (CED)?

- a) can the Yukon government apply a CED strategy to the housing industry?
- b) have the Yukon Government, the business community, and/or housing agencies expressed a commitment to CED?
- c) is the provision of affordable adequate housing an important part of CED?

3. How could the Yukon government apply a CED strategy to the housing industry?

- a) what institutions and agencies could play a role in this strategy?
- b) of the social housing programs that are available, what are the relative CED benefits of each?

The data base for the Yukon housing industry is extremely weak. Most reports meld statistical information for Yukon with information on British Columbia or the Northwest Territories. For example, each year, Canada Mortgage and Housing Corporation (CMHC) prepares *Housing Statistics*.¹¹ Of the 88 tables in the 1988 report, only 12 provide information on Yukon.

Most CMHC reports are for the British Columbia/Yukon Region in which BC activity dwarfs activity in Yukon. The monthly CMHC report *Housing Statistics*, prepared by the CMHC British Columbia and Yukon Regional Office, does not report on Yukon.¹² Other reports available from the CMHC Whitehorse Branch office include data on the part of Northern BC serviced by that office. For example, before data was compiled for this thesis, data was not available on annual housing starts in Whitehorse or on social housing program activity throughout the Territory.

There was no accurate data base for decision makers in the private sector, in government or in housing agencies.¹³

The Yukon government prepared a *Yukon 2000* progress report *Construction and Housing Strategy* in April, 1987. This report contained ten recommendations to "guide the development of this sector (p. 1)." Indicative of the absence of a data base for the housing industry is the following quote from the report.

Information about the housing market would enable builders to make more informed decisions...The size of the market is unknown across Yukon (p. 5).

However, even more revealing about the level of understanding about the housing industry is the length of the report itself -- five pages for the entire construction industry including housing. In 1987, there was little grasp of the significant impact that the housing industry can have on community economic development.

This thesis compiles data and information on the Yukon market (rental and ownership) and non-market (social and employee) housing sectors together in one comprehensive report for the first time. During this study, it was usual for data collected from one source to be different from the same data from a second source. For example, there were differences in the data supplied by the CMHC Whitehorse office and the CMHC BC/Yukon Region office.

1.5 Methodology

This research explains the social and economic circumstances which caused the Yukon government to develop *Yukon 2000*, a community economic development strategy. It also explains the process which produced *Yukon 2000* and its four goals.

This thesis describes the housing industry in Yukon and provides a model of how it functions. It assesses the impact of the industry on CED and identifies four factors which contribute to the demand for housing. This thesis explains the characteristics of the Yukon economy and its impact on housing conditions, housing needs and the housing industry. It reports the roles of different governments, agencies and the private sector in the industry. Ways in which these roles could be better coordinated to achieve the four *Yukon 2000* goals and other CED objectives are identified. Particularly, ways in which the Yukon government could apply an import substitution strategy to the industry to diversify the economy are explained.

There are many different housing programs in Yukon; this thesis reviews fourteen. Sixteen criteria, derived from the literature on CED and the four *Yukon 2000* goals were developed to measure the impact of these programs on CED. This process provides an analysis of the comparative impact on CED of each program.

Each community has limited opportunities for CED. These opportunities are particularly limited in Yukon because of its geographic isolation, narrow economic base and small population. This thesis identifies policies and programs the Yukon government could implement to take advantage of the CED opportunities the housing industry creates.

This thesis consists of five chapters. Chapter 2 introduces the Yukon Government's economic strategy, *Yukon 2000*. It also defines the terms community economic development and others pertinent to this paper and reports on the theory of CED.

Chapter 3 describes the Yukon housing industry and the housing activity expected in the 1990's. This chapter also examines the characteristics of the Yukon economy and opportunities for using the housing industry as part of a CED strategy. It presents a model which describes the structure of the Yukon housing industry. This description and analysis

shows that governments (federal, territorial, band, and municipal) dominate the industry in Yukon. New Yukon Government initiatives to improve and install municipal infrastructure and its potential impact on CED are reported. Chapter 3 concludes by defining the demand for new housing caused by changes in the population, housing needs, an aging housing stock and the economy.

Chapter 4 reviews the menu of housing programs which governments and communities can use to make CED happen. It introduces the institutions that work with existing housing programs (co-operatives, non-profit societies, housing associations, for profit companies and Crown housing corporations) and their respective roles. This chapter also critiques and measures the impact of fourteen housing programs on CED.

Chapter 5 presents 20 policy and program options for the territorial government which can help achieve the Yukon 2000 CED objectives. It also presents some policy options to mitigate the impacts of the failing Whitehorse rental market and the aging redundant federal employee housing stock. This final chapter also describes the impact on planning practice and the lessons we can learn from an analysis of CED and the housing industry in Yukon.

This thesis demonstrates that the housing industry can create numerous opportunities for CED. The question is, will the Yukon Government, the Yukon Housing Corporation (YHC) and the other institutions involved in the housing industry seize these opportunities, take a proactive approach, and work with communities and the industry to make CED happen?

2. Yukon 2000 and Community Economic Development

Community economic development is a process of community change. The Social Planning and Review Council of British Columbia (SPARC of BC) has defined CED as being:

...concerned with fostering the social, economic and environmental well-being of communities and regions through initiatives taken by institutions, community agencies, or other organizations that strengthen local decision-making and self-reliance, co-operative endeavour and broad participation in community affairs (SPARC, 1987).

A community can mean a group separated by geography but linked by interests members perceive as common, like the Yukon Order of Pioneers or the Yukon Indian Women's Association. Community can also mean a small or large geographic area, the members of which define their own boundaries. These could be for neighbourhoods or Yukon. What links individuals into a community is one or more shared social or economic or political interest. "Communities manifest their presence (and limits) by common cause and action (Douglas, 1989, p. 30)."

There is no one definition of community and no one definition of development. Community economic development theoreticians usually scramble for the exits when asked to define the topic. "It's not up to us," they say. "It's up to communities (whatever they are)."

In this thesis "economic" means much more than the activities measured in dollars in the gross territorial product. It includes informal economic activities in which the home plays an important, often central role. The home is one of the means of production for many economic activities. "Economic" also includes the work of volunteers, the non-profit sector, and activities for which cash may or may not be the medium of exchange. This includes the underground economy and activities which occur in every community, between friends, neighbours and

acquaintances but are not reported to Revenue Canada (Douglas, 1989; Nicholls and Dyson, 1983).

The early non-Native economic and community growth and development in Yukon had as its basis exploitation of mineral resources by individuals and corporations. It was the search for gold which caused the first economic boom in Yukon. The gold rush lured prospectors and miners to the North in the late 1800's. It was a period of free enterprise and unbridled capitalism. The only government interventions were to maintain law and order and the requirement that each person entering Yukon carry one ton of provisions, the amount deemed necessary to prevent at least imminent starvation. (Tryck, 1980)

Fortunately, the Yukon economy and society has changed since those early days. There is good co-operation between local resident entrepreneurs and the few international companies that extract mineral resources. (Stabler, 1984) However, Yukon society and the economy on which it is based, are fragile.¹⁴ The isolated economy has a very narrow base, depends heavily on exports and experiences severe boom and bust cycles. It was the desire to reduce the negative effects of these boom and bust cycles during a particularly bad recession in the early 1980's that sparked interest in CED in Yukon.

Economic growth is concerned with increasing employment and business opportunities first and quality of life issues second, if at all. In the past, the goal of government, business and union leaders was to increase the value of the local domestic product. This was usually done through marketing a region or community as "open for business," without concern for the negative externalities new businesses may bring. The goal was more; more jobs, more businesses, and more tax revenue.

The economic aspect of CED also is concerned with increasing employment, business and creating wealth, about quantitative change. However, there are new issues, values and

concerns, such as how the existing and new economic activities impact the quality of life, equality, the environment and employment aspirations. Planners and decision makers have new goals which include economic, environmental, and social issues. However, for a community to coalesce around these new goals, as occurred when *Yukon 2000* was developed, it must at least perceive a need to be involved in planning community economic development.

CED is the proverbial child of bad times.¹⁵ When an economy is strong and employment and profits are high, people are less likely to support changes to the economy. However, when unemployment is high, the profits of entrepreneurs are down and the old institutions, systems and corporations don't work as well as in the past, people are more willing to try something new and different.

Such was the case in Yukon when, in 1985-86, the newly elected New Democratic Party Government proposed a bold new community economic development initiative - *Yukon 2000*. The largest mine closed, the only railroad suspended operations and unemployment was 15%. Fresh in the minds of Yukon Territorial Government employees was their recent, across-the-board 10% pay cut. Everyone knew that at the Canada Employment Centre, the latest employment support, unemployment and regional development programs were in big demand. Everyone had friends leave Yukon to secure employment somewhere else.¹⁶

Yukoners watched the economy fail during the recession in the early 1980's. When the Cypress Anvil Mine, which directly employed about three quarters of the work force in Faro closed in 1984, so did the town. Other than the empty buildings, the sense of community that people in Faro created was all that remained. The recession confronted people throughout Yukon with the fragile, isolated and narrow base of the Yukon economy. Yukoners were receptive to new ideas on how to diversify the economy.¹⁷ Because of the poor economic outlook, there really wasn't much to lose by trying a new approach. Yukon Government Leader Tony Penikett called *Yukon 2000* Yukonomics.

2.1. Yukon 2000

Between 1986 and 1988, the territorial government led a consultative process. The objective was to determine the kind of society people in the territory and in each community wanted and how to develop the economy to create it. The result was *Yukon 2000*, a strategy for community economic development. This strategy represents a change from the resource based export approach to economic development and signals the willingness of people in Yukon to define development to include environmental, community and fairness issues.

Through the '86 to '88 period, there were a series of workshops and community meetings. Experts prepared more than forty reports on virtually every aspect of economic and social life in the territory. In September 1987, The Yukon government released the interim *Yukon 2000* report, *The Things That Matter: A Report of Yukoners Views on the Future of Their Economy and Their Society*.

The report contains the concerns and recommendations of the hundreds of Yukoners who participated in the *Yukon 2000* process in the 1986-87 period. It discussed housing under the heading "Infrastructure" together with transportation networks, leisure and recreation facilities, communication systems, energy, and municipal services. The report indicates a view of housing as a basic part of communities, "an essential link in the process of economic development (which) creates jobs, provides business opportunities, and generates income for Yukon residents (page 8-1)." Viewed from this perspective, community development and economic development are separate, though linked processes.

In the view of the *Yukon 2000* participants, the poor housing conditions in Yukon, "and the need for additional housing [are] an opportunity, rather than only a problem. A well thought-out and carefully implemented housing strategy presents an opportunity to contribute to economic development, improve the quality of life, and achieve greater economic equality

(p. 8-8)."

The three goals for housing in the interim report are:

1. That all Yukoners have access to good quality, appropriate and affordable housing.
2. That government devolve and decentralize responsibility for administration and delivery of housing programs.
3. That government and the industry use housing development to promote local training, employment and business development, and enhance the quality of life. (p. 8-8, 8-9)

The Report also contained 10 recommendations for housing. While the Yukon Housing Corporation and other agencies have made modest responses to these recommendations, fundamental problems with the housing industry in Yukon remain.

The public consultation process continued and in 1988, the government released the final report, *Yukon Economic Strategy Yukon 2000: Building the Future*. The Strategy's four goals were developed from community forums, *Yukon 2000* workshops and research reports. The consensus was that economic development "is for and about people; it should serve human goals, not just an abstraction labelled "the bottom line" (p. 3)." The four goals "form the foundation of [*Yukon 2000*] and will be the guide for future government decisions."

- **THE OPTION TO STAY IN THE YUKON:** Yukoners see our territory as a place to live, work, learn, and raise a family. We want it to stay that way, but we also want to be able to earn a living in our chosen place. Development must offer us a chance to support ourselves and our families, within the territory and within our communities.

- **CONTROL OF THE FUTURE:** Yukoners want more control over the economic future of the territory. The keys to greater control are more regional and local decision-making, increased authority for communities, and a higher level of Yukon ownership.

- **AN ACCEPTABLE QUALITY OF LIFE:** Yukoners want development to preserve and enhance the quality of Yukon life. We want wages, business opportunities, and public services comparable with the rest of Canada. But we are not prepared to sacrifice either the potential for living off the land or the unspoiled natural environment that surrounds us.

- **EQUALITY:** Development should ensure an equal economic chance for all Yukoners, including those who do not currently have equal opportunity (*Yukon 2000*, p. 3)

According to SPARC of BC, CED has the following elements. The *Yukon 2000* goals listed above contains all these elements.

- local control and ownership of resources
- the creation of permanent local employment
- maximization of local resources
- reduction of economic leakages
- environmentally and socially conscious business
- community awareness that building organizations and contributing to the social well-being of its members contributes to its wealth¹⁸

The *Yukon 2000* process and goals also meet the CED criteria described by Douglas (1989). This is because in *Yukon 2000*:

- people in the Yukon community and in the individual geographic communities are seen as the subject, beneficiary and decision-makers;
- the goals link social and economic objectives, emphasize equality, fairness and sharing benefits throughout the Yukon community;
- the goals and objectives were established as the criteria against which to measure government policy and program initiatives. The participants made accountability part of strategy;
- the process involved a broad spectrum of participants in an interactive process;
- the goals and objectives are about reducing the vulnerability of both the Yukon economy and the economy of individual communities; and
- economic initiatives and objectives are viewed as "means to various ends, not as the primary ends in themselves (Douglas, 1989, p. 29)."

2.2 New Perspectives on Economic Development

The ideas that local people should direct and control development and own the resources in their area are radical. They represent a fundamental change from the free market economy. They also affect issues of ownership and private property. That this idea is radical is proven by the stormy debates around the world over nationalization of private corporations and the privatization of public ones. It is also proven by the fact that in Canada, the state arrests aboriginal people who try and assert their ownership over resources they have used, as owners, for centuries.

Local control and ownership of resources is not the norm in the mixed market capitalist Canadian economy. In fact, in Canada, we are moving towards less, not more, local control with the implementation of free trade with the United States. Companies, foreign to local communities and often foreign to Canada, own much of this country's resources.

Concepts like the globalization of capital and industry are now relatively common ones. We drive cars from Korea, fuel them with gas from Kuwait, work for companies owned by Americans, drink Columbian coffee, wear clothes from Hong Kong, eat fruit from Chile and meat from New Zealand, drink water from France and use computers from Japan.

Issues and concerns about the denigration of the ecosphere are raising questions about the paradigm of continuous economic growth (Rees, 1989 and World Commission on Environment and Development, 1987). Ideas like sustainable economic development and local resource management are gaining some acceptance in Canada. We are learning from Third World countries. There, CED planners try to identify unused, underused and undiscovered resources and place them under local control to create development and new wealth.¹⁹

The main objective of economic development in the past was economic growth. Accepted methods included trying to attract new investment, businesses and industries. There was not much regard for the negative externalities firms can produce. Communities once considered the smell of a pulp mill, a chemical company's toxic waste, or a smelter's sulphur emissions, the price of progress. In fact, it was the very smoke stacks that people trying to create economic growth were chasing.

Yukon is not unique in its decision to develop and implement community economic development. At the University of British Columbia, the School of Community and Regional Planning is teaching a course in community economic development to satisfy the demand by regional districts and municipalities for community economic development planners. There is

growing realization that attracting new industry to increase exports is not the only way to create employment. There is a growing realization too that communities do not have to sacrifice things which contribute to the quality of life to achieve economic development. It is not an either or dilemma (Ross and Usher, 1986).

Community economic development "by design and conviction sees the community simultaneously as both subject and object, in sharp contrast to most external economic development initiatives (Douglas 1989 p. 29)." The CED definition of resources includes natural and human resources in both the formal and informal economy. It also includes the infrastructure, organizations, institutions and the volunteer corps that make a community a quality place to live. If the housing industry can create, support and develop these resources, it can cause CED.

In its recent report on the housing industry, CMHC estimates that every house construction site job in Canada creates 2.3 jobs in other industries. However, according to the CMHC report, about 25% of these other industry jobs are in Ontario.²⁰ For the housing industry to achieve the *Yukon 2000* goals, it would have to develop local industries to create more of the "other industry" jobs in Yukon. Entrepreneurs would have to establish new and expand existing companies to replace goods and services currently imported by the housing industry.

2.3. Import Substitution

Import substitution means replacing imported goods and services with local ones. Import substitution is at least as good for a local economy as increasing exports (Davis, 1989). By diversifying the economy, import replacement makes the local economy less vulnerable to sectoral downturns in the export market.²¹

In Yukon, exports generate most employment. Therefore, planning and implementing economic diversity is essential for economic and social stability.

Table 1 illustrates the Yukon's dependence on export markets.²² Governments employ thirty-five percent of the work force and government spending indirectly creates additional employment. Sixty-nine percent of Yukon government revenue is a transfer from the federal government which is like an export.

The retail and wholesale trade, accommodation and food services, mining and exploration sectors are the number two, three, and four employment industries. All are heavily dependant on the

export tourism and world mineral markets.²³ One estimate is that the mining industry accounts for "30-40% of all goods and services produced in the economy (YTG, Assessment of Import Substitution Opportunities, p. 1)."

There are many benefits to diversifying an economy. These include making it more predictable, more creative, more resilient, fairer, more responsive, more productive, more independent, and able to offer more occupational choice (Boothroyd and Davis, 1986). If the housing industry is to assist people in Yukon achieve the four *Yukon 2000* goals, then it must

Table 1 Employment in Yukon by Industry: 1987 and 1988

Industry	1987	1988
Government	4,212	4,300
Retail and Wholesale Trade	1,616	1,725
Accommodation and Food Services	1,341	1,400
Mining and Exploration	986	1,100
Business and Personal Services	728	770
Transportation	634	680
Communications and Utilities	568	610
Construction	403	550
Manufacturing	386	400
Finance and Real Estate	370	390
Education and Health Services	255	275
Agriculture, Logging and Fishing	48	50
Total	11,547	12,250

Source: Derived from YTG Bureau of Statistics; Economic Development: Mines and Small Business *Yukon Economic Review and Outlook 1987 - 1988* Table 2-2

diversify.

Yukon's remote location does place export based businesses at a cost disadvantage over localities in Southern Canada because of shipping costs. Businesses incur shipping costs both when they import raw materials inputs and when they export finished products. However, there are possibilities for back-hauling, the term for using transportation systems returning empty to the South, particularly Vancouver and Edmonton.

It is possible for a Yukon building products business to compete successfully in southern markets.²⁴ However, because of transportation costs, businesses which could be viable operating on a scale to replace imports would likely have the greatest chance at success.

Import replacement, not the export market, should be the primary objective of diversification in the housing industry. While it may be technically feasible to manufacture some housing industry products in Yukon, it may not be economically viable to do so. However, in addition to financial and social costs, all cost benefit analyses should also consider the four *Yukon 2000* goals.

This thesis will not identify and cost particular business opportunities. This is an area for further research by governments and the housing industry. Private sector representatives did identify some business ideas when interviewed for this thesis. In addition to expanding existing businesses to capture a larger share of the local market, these include businesses to manufacture the following:

- finger joint studs
- interior and exterior doors
- wood siding
- dimensional lumber
- kitchen cabinets
- various finished wood products
- concrete
- gypsum board

The manufactured products listed above were the same or similar to the products identified in the 1986 *Assessment of Import Substitution Opportunities* report (YTG, 1986). That report identified products the housing industry uses which Yukon businesses could manufacture or process. These products are: construction lumber, wooden kitchen cabinets, wood products (veneer, plywood, and particle board), concrete, cement, pipe and tube mills, iron works, fibreglass, metal fabricating and glass products.

The products discussed above are some of the opportunities for import replacement in the Yukon housing industry. Governments, particularly the territorial government, could use their purchasing power and lead an import replacement strategy in the housing industry. Governments could use this purchasing power to change the current situation from one in which firms import more housing construction materials than the entire local industry produces. The Yukon government can use the housing industry to achieve CED objectives and *Yukon 2000* goals.

2.4. Summary

This chapter explained how people in Yukon and elsewhere define CED. It established the linkage between the housing industry and community economic development. It also identified some of the things the housing industry must do if it is to help people in Yukon achieve their stated CED goals and objectives. More specifically, the next three chapters identify ways the housing industry can achieve the following CED goals and objectives:

- create more affordable, adequate and suitable housing opportunities and options in Yukon communities;
- create more total employment and employment choices in construction and manufacturing;
- create more skilled jobs in communities;

- give more control for housing and community planning to communities and community groups;
- create new community organizations (non-governmental organizations - NGO's) which operate together with yet apart from government in the housing industry;
- replace imported construction products with products manufactured in Yukon;
- increase the amenity factor and quality of life in Yukon communities;
- introduce co-operative ways for communities, community groups, government, and the private sector to work together to achieve shared goals and objectives;
- assist and develop the informal economy;
- diversify the economy;
- create more economic equality throughout Yukon and between Whitehorse and the other communities;
- create more regional and community decision making in the housing industry;
- increase the use of community human and physical resources;
- increase the use and local control of external financial resources; and
- replace imports through the use of alternate technology.

The Yukon housing industry is an important part of the Yukon economy and housing is an important part of each community. The next chapter discusses the nature of the industry and the community economic development opportunities it creates.

3. Yukon's Housing Industry

This chapter describes the sectors which make-up the Yukon housing industry and explains the dynamics of the industry. The description includes ownership patterns, type of tenure, the age of the existing stock, and new housing starts in the *Market* and *Non-Market* sectors in the 1980's. The lead roles of the federal, territorial, municipal and band governments in the industry are documented and explained. The history of government involvement in the industry and the strength of demand by the private sector in the 1980's are reported and critiqued. This chapter concludes with an analysis of the effects of social housing programs, *core housing need*, the aging housing stock, the economy and population growth on the industry.

The federal, territorial, band and municipal governments dominate the housing industry in Yukon. Combined, governments are the largest land owners and land developers.²⁵ The federal government is the biggest landlord; the territorial government is the second largest.²⁶ The federal government owns ninety-five percent of the land in Yukon.²⁷ Governments plan and develop all subdivisions.²⁸

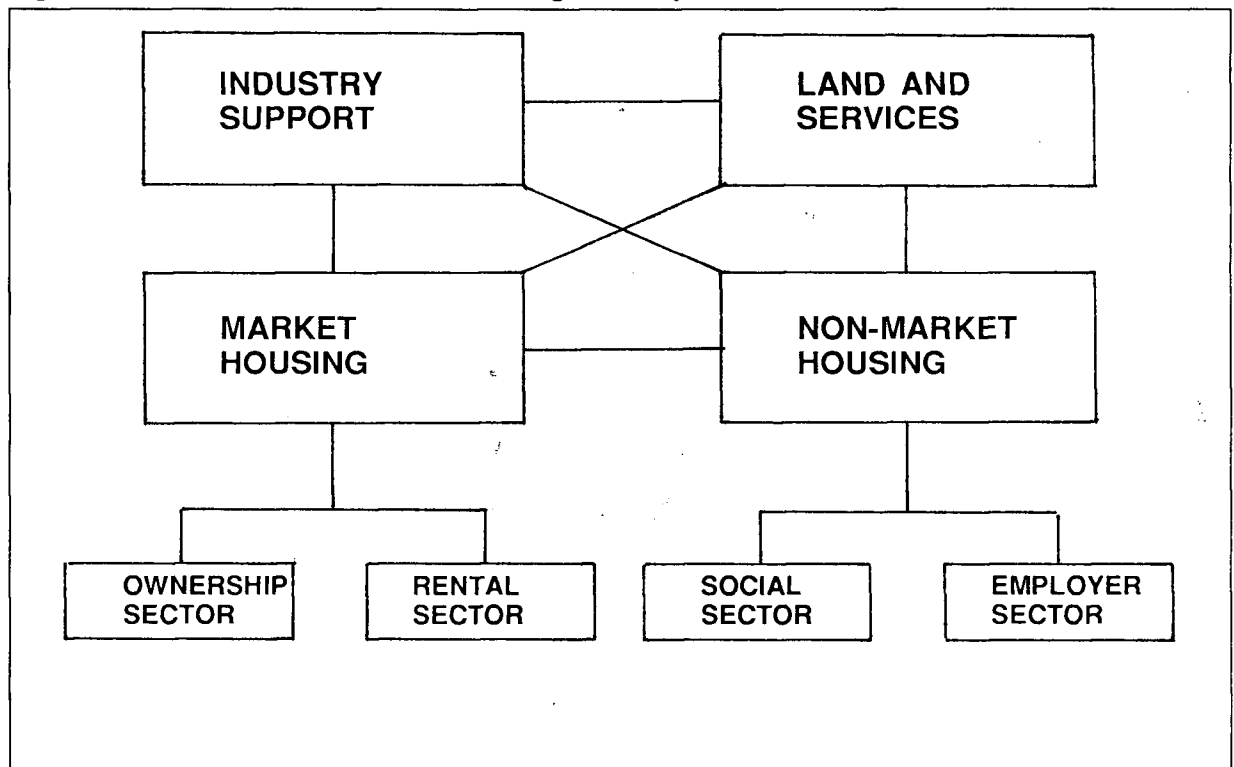
3.1. The Yukon Housing Industry Defined

A model of the Yukon housing industry is shown in Figure 2. *Industry Support* includes all firms that harvest, manufacture and sell building materials. It also includes all the government agencies that provide support services, professional service firms, real estate companies, regulators, and equipment and product support companies.

Land and Services includes all activities to plan, design, install and maintain residential subdivisions, roads and services. *Market Housing* includes all privately owned and occupied dwellings and dwellings available for rent on at least a month-to-month basis. It also includes

the firms which own and manage the *Market Housing* stock. *Non-Market Housing* includes the accommodation that employers rent to their employees on at least a month-to-month basis. It also includes all social housing and social housing agencies. Rent supplemented units are part of the *Rental Sector*.

Figure 2 A Model of the Yukon Housing Industry



This model of the industry describes the housing industry quite broadly. Statistics Canada defines the industry as residential construction, a sub-section of construction. According to that definition, in 1986 the construction industries employed 970 people, about 7% of the 13,865 person Yukon workforce.²⁹

The model of the industry in Figure 2 is a better representation of the industry for two reasons. First, many of the jobs in the housing industry in Yukon are in government and Statistics Canada reports them in that sector, not housing. As explained in Chapter 3,

government workers and consultants to government plan all subdivisions and municipal infrastructure. There are also many people employed by governments in their respective housing corporations, departments and agencies and governments are also the largest landlord. Recording this employment as government understates the size of the housing industry. Second, this broader definition includes employment and businesses in sectors like finance and insurance, real estate, transportation and manufacturing where employment, in varying amounts up to 100%, is dependant on housing activity.

This thesis focuses on the *Market Housing* and *Non-Market Housing* parts of the industry. As discussed below, it is new housing starts in these sectors that creates the most opportunities for CED. This thesis also presents information on home renovations and the role government home renovation programs have in a CED strategy for the housing industry.

This thesis defines the housing industry to include all activities to plan, design, construct, modernize, renovate, regulate, buy, sell, and manage the following:

- residential subdivisions
- residential lots
- new permanent dwellings
- the existing housing stock
- residential water supply
- residential liquid waste disposal
- residential electrical service
- residential roads
- residential liquid waste treatment

About 5,800 units, 75% of the existing housing stock, are in the *Market Housing* sector (defined above). Of the units in this sector, about 825 (14%) are rental units in buildings with four or more suites. Of these, most, about 70%, are in three storey walkups. There are no apartment buildings more than four storeys in Yukon. Most, 94%, multiple dwelling rental units in the market sector are in Whitehorse. There is no record or estimate of other units in the rental sector, whether legal or illegal. Of the remaining occupied private dwellings, (about

5,000 units) most are detached dwellings, duplexes or mobile homes.³⁰

The Whitehorse market rental sector is aging and dominated by five owners who combined have title to about half of the 797 units.³¹ Figure 3 shows the Whitehorse market rental stock by age. Note that only 6.9% of the stock is less than ten years old. If the rental market was working, it would have responded to population growth, a

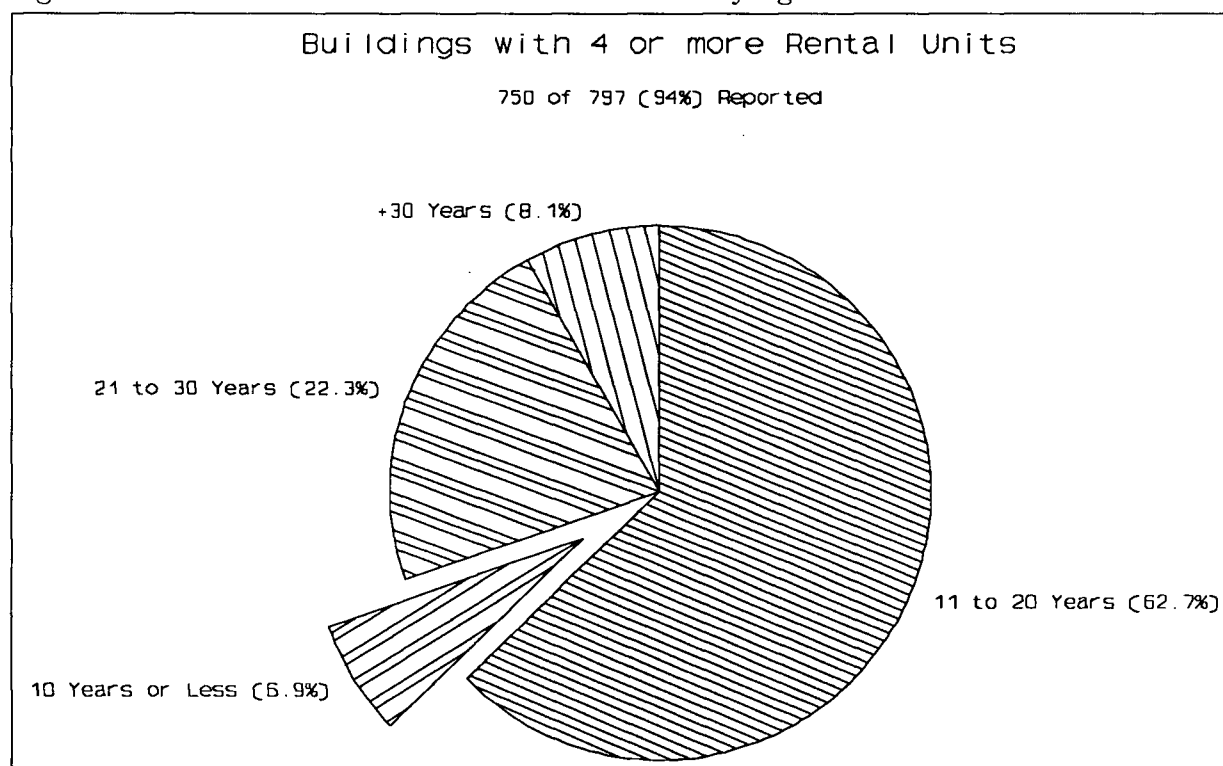
strong economy and the low vacancy rate over the past five years by building more rental housing. However, there was only one apartment building start since 1981. This 10 unit

Table 2 Ownership of Occupied Private Dwellings in Yukon: 1988

Owner	Number	Percent
Band Housing	914	10.9
Government of Canada (staff)	522	6.3
YHC Social Housing	353	4.2
Other Social Housing	118	1.4
United Keno Hill Mine	100	1.3
Government of Yukon (staff)	94	1.2
Other Owners	5774	74.3
Total	8350	100

Sources: Compiled from interviews and from Yukon Executive Council, Bureau of Statistics, *Information Sheet No. 2-87.12*. Some numbers are approximate. Percents are rounded to one decimal point and do not sum to 100%

Figure 3 Profile of the Yukon Market Rental Stock by Age



project represents just over 1% of the existing rental stock. While it may be too early to be certain, this could be an indication that the rental market in Whitehorse is failing or has already failed.

The recession in the first half of the 1980's had a severe negative impact on the industry, particularly for firms and workers involved in new home

construction. Data is only available for new starts in Whitehorse. As shown in Table 3, **new starts fell by 80%, from 106 in 1981 to 21 in 1982 and then again by 50%, to 11 new starts in 1983.** The industry remained depressed until 1986, when new starts had climbed to 119.

Similarly, the total dollar value of residential building permits declined precipitously in the early 1980's. (see Table 4) The decline of the housing industry began in 1980 and by 1982, it reached its low for the decade. In 1982, the value of residential permits was 36% of the 1979 value. In 1981, social housing starts were the lowest of the decade to date, only one unit. Total new starts reached the highest level of the

Table 3 New Housing Starts in Whitehorse: 1980-1988

Year	Single Detached	Multiple	Total
1980	37	0	37
1981	74	32	106
1982	21	0	21
1983	11	0	11
1984	15	6	21
1985	27	0	27
1986	109	10	119
1987	125	4	129
1988	154	4	158
Total	573	56	629

Source: City of Whitehorse Building Permit Department.

Notes : 1. There is no record of building starts for the rest of Yukon.
2. The numbers to 1987 are gross units. The 1988 numbers are net.

Table 4 Value of Residential Building Permits: 1978-1988

Year	Residential Permits(\$000)	As a % of All Building Permits
1979	\$16,333	53%
1980	\$10,886	35%
1981	\$ 8,194	22%
1982	\$ 4,781	27%
1983	\$ 5,475	36%
1984	\$ 5,665	24%+
1985	\$ 8,354	27%
1986	\$11,344	20%+
1987	\$23,218	45%
1988(p)	\$19,197	42%

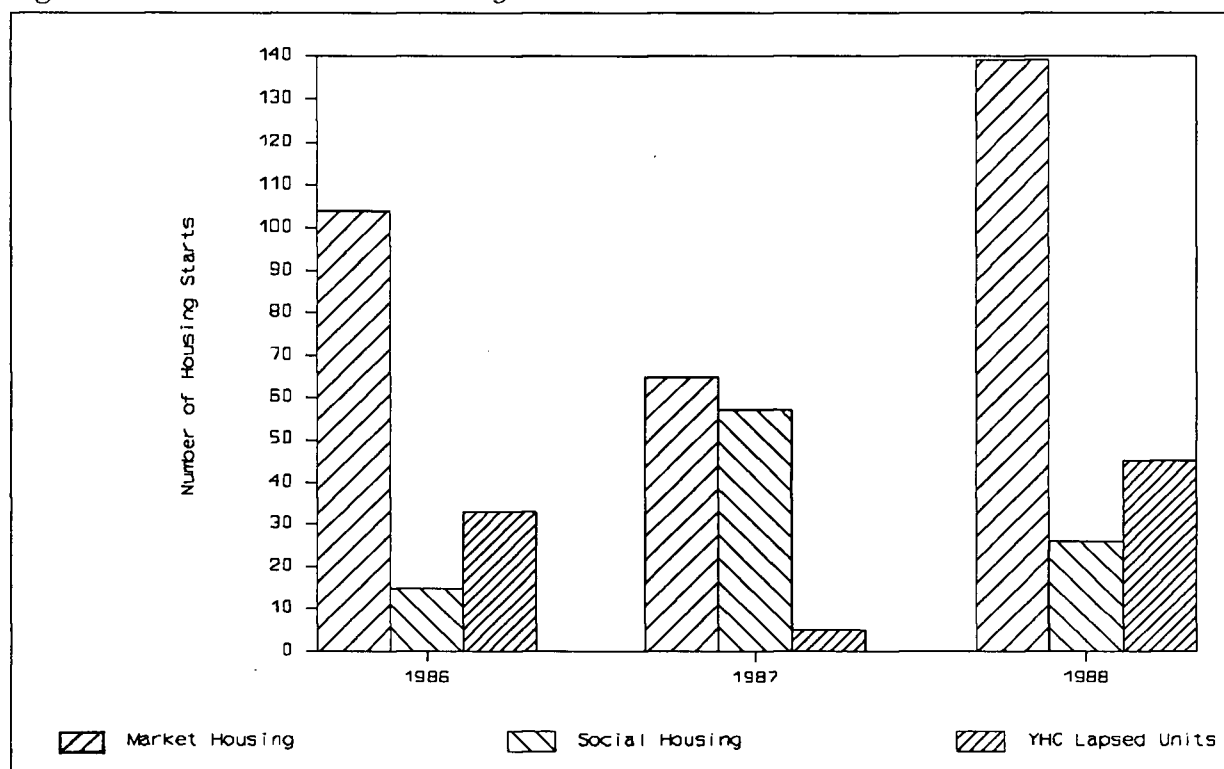
Source: Statistics Canada, Building Permits, Cat. 64-203 and YTG Statistical Review, Fourth Quarter, 1988.

(p) partial year +major non-residential government project

decade in 1988 with 158 total units. Of these units, 26 or 16% were social housing starts.³²

YHC lapsed 45 units in 1988, including a planned 12 unit project in Whitehorse (see Section 3.3. A below). Had this latter project proceeded, social housing starts would have been 22% of total starts in Whitehorse.

Figure 4 *Market and Social Housing Starts in Whitehorse: 1986-1988*



Another indicator of the boom and bust cycle of the housing industry is the number of NHA loan approvals for new units. On average, the number of these loans represents about half the number of new units constructed each year.³³ Data was available on these loans for the 1968 to 1987 period (see Figure 1) and so provides a good history of new housing starts.

CMHC approved 84 NHA loans for new starts in 1974. In the next building season, it approved 299, a 355% increase. Three years later, in 1978, there were 65 loans, a decline of

almost 78%. In 1981, there were only 12 loans approved, a further decline of 21%.

The history of the Yukon housing industry is not an experience for the faint-hearted. Compared to investing in plant and equipment in the Yukon housing industry, stocks on the Vancouver Exchange are safe investments.

Figure 4 shows the number of *Market Sector* starts and the number of *Social Sector* starts in Whitehorse for the 1986-88 period. This Figure illustrates the importance of social housing starts to the industry. In 1987, almost half the starts were social housing. Note that YHC lapsed 83 units during this period. Had half these units been constructed in Whitehorse, social housing would have been 31% of total starts in Whitehorse.

Despite the current buoyancy of the industry, activity and employment in the industry could have been higher in 1988. The 1987 forecast for 1988 was for a rapid increase in the number of private residential starts. This forecast included 48 units in two apartment projects. Neither of these apartment projects proceeded, though construction on a 30 unit condominium project did start in the first quarter of 1989. The anticipated YHC social housing activity never materialized. In fact, in 1988 YHC made commitments to construct only two social housing units.

All but two of the thirteen YHC 1988 social housing starts were 1987 commitments. Had it not been for 16 Rent Supplement Program commitments made in late December, 1988 would have been a dismal commitment year indeed.³⁴ Eight of the units rent supplemented are in a building owned by YHC which it converted from staff to social housing.

There is always concern in Yukon that the next recession in the housing industry, if not for the whole economy, is about to occur. Cautious investors in two condominium projects, the first in more than fifteen years, have opted to delay construction, pending the results of pre-construction sales. An industry representative reports these sales as sluggish.³⁵

It is difficult to market condominiums in Whitehorse. One critical cause for this difficulty is that the cost for a newly constructed condominium is about the same as for an existing house. In fact, two condominium projects are planning to come on stream in the plus \$100,000 range.

In 1988, the average price for a detached house in Whitehorse was \$80,000. The average cost for an existing three bedroom condominium is about \$56,400.³⁶ CMHC is investigating the market in Spring 1989 to evaluate the exposure of the Mortgage Insurance Fund (MIF) in Yukon, with particular attention to condominiums.³⁷

There are few speculative house builders in Yukon. According to an official with CMHC in Whitehorse, "spec" homes represented between 10% and 15% of new starts over the past five years. Most new starts are owner built or custom designed or pre-sold by the builder/developer.³⁸ However, past experience in Yukon is that, as confidence in the economy and the population increase, the number of "spec" homes should also increase.

As discussed above, all governments combined dominate activity in the industry. On average, for the 1980-1988 period, governments were the consumers for about a third of the new homes constructed each year.³⁹ However, other consumers combined likely out-spend all governments in the renovation sector, a small but vital part of the industry. The Sections 3.2 through 3.4 below outline the roles of the federal, territorial, band, and municipal governments.

3.2. The Role of the Federal Government

The federal government plays an important role in the Yukon housing industry. The focus here is its funding and delivery of social housing programs and its role in employee housing.

A. Social Housing Programs

Canada Mortgage and Housing Corporation (CMHC) is the federal government's housing agency. The National Housing Act (NHA) provides legislative authority for CMHC. CMHC has defined its corporate mandate which is, in part,

to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.⁴⁰

Until 1986, CMHC defined its social housing budget in numbers of housing units. In 1985, CMHC had a budget for about 20,000 units.⁴¹ This represented the federal contribution to all social housing programs.⁴² The Yukon allocation was about 110 or .055% of the 20,000 units in 1986.

Most CMHC social housing units are cost shared with the provinces and territories and the effect is additive. For example, if the 20,000 units were cost shared 50:50, there would be 40,000 units. However, not all units are cost shared and the ratio is usually less than 50:50. In British Columbia, the ratio is 67:33 and in Yukon, it is 75:25. The federal government pays the majority share in both jurisdictions. In addition to the cost shared units, some jurisdictions have their own social housing programs. There was no data available for this thesis on the total number of new social housing units in Canada each year.

CMHC is the most important agency in the *Social Sector*, quite simply, because it has the largest budget.⁴³ The Yukon Government, through YHC, does cost share four social housing programs with the federal government, as discussed in section 3.3. A below.

Table 5 CMHC Social Housing Programs in Yukon: 1980-1990

NHA Section and Program Name	'80	'81	'82	'83	'84	'85	'86	'87	'88	'89	'90	Total
Section 40 Rural and Remote	5	1	0	0	0	0	-1	0	0	0	0	5
Section 55 Rural and Native	0	0	0	0	0	3	6	6	7	10	10	42
Section 56.1 On Reserve	0	0	21	19	27	59	44	46	34	30	20	300
Section 56.1 Non-Profit Urban Native	0	0	0	0	22	12	7	7	7	12	12	79
Section 56.1 Non-Profit	18	0	4	0	-10	10	NA	NA	NA	NA	NA	22
Section 37(1)(1) Rural and Native Demonstration	0	0	0	0	0	0	13	5	-1	7	7	31
Total	23	1	25	19	39	84	69	64	47	59	49	479
Source: Compiled from Interviews with CMHC Whitehorse Branch and BC/Yukon Region staff and CMHC Whitehorse Branch annual reports												

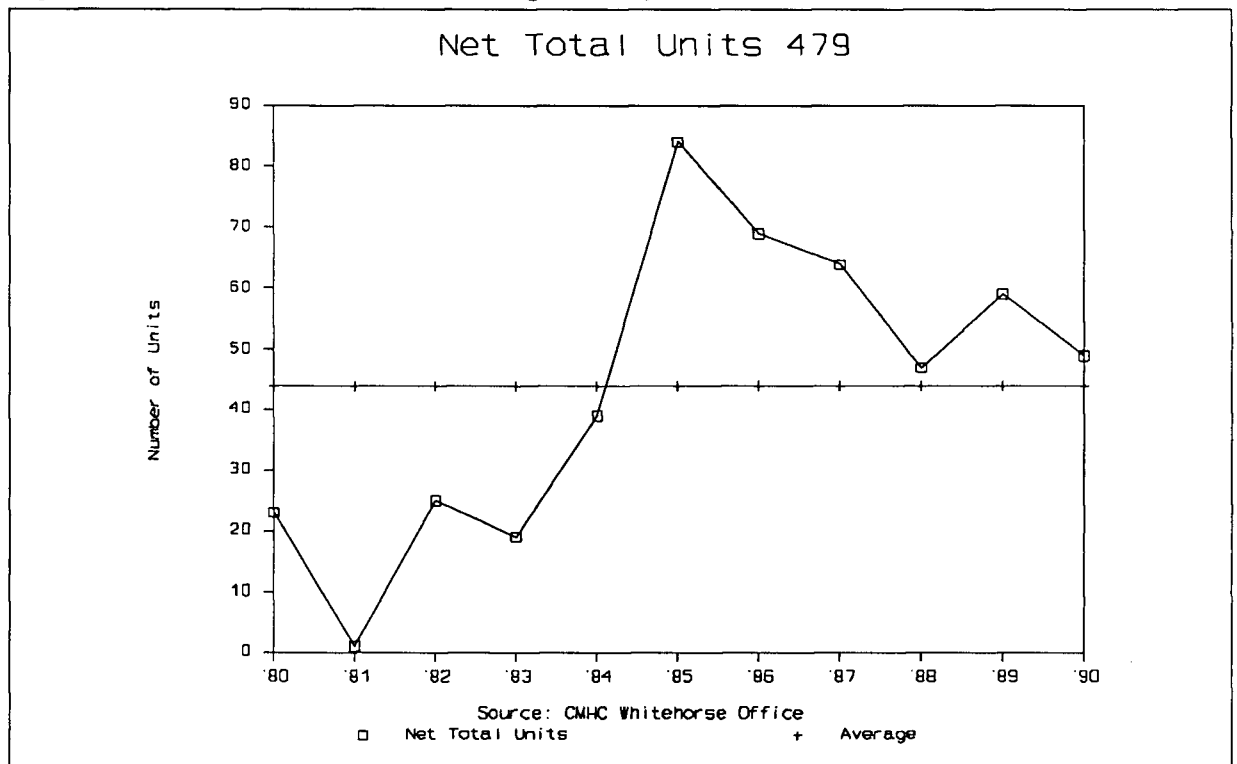
Table 5 illustrates CMHC's role in the social housing sector. Except for the NHA Section 34.15 program the Council for Yukon Indians delivers for CMHC under contract, CMHC delivers all programs shown in Table 5.⁴⁴ YHC assumed delivery of the Section 56.1 Non-Profit program in 1986. Commitments in this program since and including 1986 are shown as YHC units (see Table 9).

Table 5 shows a negative value in 1984 and 1986. These are units which were deleted from the social housing inventory. The Rural and Remote Housing Program unit was repossessed by CMHC. The mortgages for the ten Non-Profit Program units were paid out in 1984 and refinanced in the program by a new sponsor in 1985.

As shown in Figure 5, CMHC activity was not consistent in the 1980's. Delivery ranged from one unit in 1981 to 84 units in 1985. Six factors explain most of this erratic delivery pattern:

1. A special increase in the allocation for the Kwanlin Dun Band Relocation Project.
2. The emergence of urban native non-profit groups.
3. The acceptance level of Yukon Indian Bands for the 56.1 On Reserve Program.
4. Increased promotion of the Rural and Remote Housing Program.
5. The increase in the status Indian population caused by Bill C-31.
6. The sociopolitical climate in Yukon.

Figure 5 Annual CMHC Social Housing Delivery: 1980-1990



Further to point 6 above, CMHC reports that it could deliver more units if the sociopolitical climate in Yukon was more receptive to their housing programs.⁴⁵ However, the level of acceptance of the programs is more dependant on program design and CMHC's organizational structure. Delivery is very centralized in Whitehorse. Once the projects are complete, CMHC manages the portfolio from Vancouver. This means all contact between CMHC in Whitehorse

and non-profit sponsors terminates; staff in CMHC's Vancouver office are responsible for ongoing administration matters. The result is that CMHC has difficulty providing follow-up to sponsors, many of which have limited resources and experience high staff turnover.

The general sentiment among sponsors, particularly Indian bands, is that the CMHC Vancouver office does not understand housing conditions in Yukon or that there is no housing market in the smaller communities. This caused some problems for the On Reserve Program in 1988 when bands received notice of rental increases of as much as 300%.⁴⁶

The average price of units delivered by CMHC in 1988 was about \$105,000.⁴⁷ Table 6 shows program delivery in 1988 (excluding seven units of the Rural and Native Demonstration Program in Old Crow). Officials report CMHC will continue to deliver social housing programs in Yukon indefinitely. Current and anticipated funding levels will permit delivery of between 45 and 60 units per year.

Table 6 CMHC Program Delivery: 1988

The number of units CMHC delivers in Yukon each year shows a general increase. The average units delivered per year for the decade is 44 units. However, the average number of units delivered per year in the last five years is about 61.⁴⁸

Program	Units	Total Cost	Average Cost
56.1 On Reserve	34	\$3,565,343	\$104,683
56.1 Urban Native (UNH)	7	\$ 777,000	\$111,000
Rural and Native (RNH)	7	\$ 687,275	\$ 98,182
Total	48	\$5,029,618	\$104,784

Source: Compiled from interviews with CMHC Whitehorse Branch and BC/Yukon Region staff

In fact, the CMHC budget for all social housing programs in Yukon increased by 31% in 1988 over 1987, from \$20.6m to \$27m.⁴⁹ For the 1990's then, the expectation is CMHC will unilaterally fund at least 44 new units each year, excluding the Co-operative and Demonstration programs.⁵⁰

The federal government now makes its annual social housing allocation in a dollar amount rather than a specific number of units.⁵¹ Whether its units or dollars, the Yukon share of the national allocation is about half of 1%. In fact, the 1987 Yukon allocation for new units was \$20.6m,⁵² less than the amount of the national social housing budget which lapsed, \$21.5m.⁵³ The point is that because Yukon's share of the national housing budget is so small, the impact of federal fiscal restraint will also be small.

The federal contribution for the Rural and Native Demonstration Program is for materials and professional labour only. Individuals or communities are responsible for all non-professional labour to build the houses. This program is discussed in Chapter 4, section 3.D.

In addition to programs to build new houses and acquire existing ones are CMHC home renovation and rehabilitation assistance programs. These are the Residential Rehabilitation Assistance Program (RRAP), and the Emergency Repair Program (ERP). In 1988, RRAP and ERP funding was about \$250,000 and \$150,000, respectively. As explained above, there is every reason to believe these expenditures will continue, even when there are program changes.

All unilateral federal social housing programs represent an annual capital expenditure of about \$6.5M (1988 dollars). Office administration expenses also contribute to the economy. In 1988, salary and personnel expenses alone were \$525,000.⁵⁴

As Table 6 shows, CMHC has yet to deliver a single co-operative housing unit in Yukon. Yukon is the only jurisdiction in the country without a housing co-op. CMHC does report that it expects to deliver 12 co-op units in 1989. Further demand and supply of co-op units is unknown. Use of the co-op housing program in a CED strategy is discussed in Section 4.1.

B. Federal Staff Housing

The federal government owns more residential rental units, 522 in 14 communities, than any other landlord in Yukon. Through the Department of Public Works, the federal government owns and manages 357 units for its employees in Whitehorse. In addition, five other departments and agencies own and manage 195 units.

The federal government planned, designed and constructed subdivisions in many Yukon communities in the forties and fifties. The technology used in some of these subdivisions was not appropriate for Yukon. In others, the infrastructure requires upgrading and repair. In fact, the water and sewer system for one subdivision in Whitehorse with 172 units will require replacement to maintain the area for housing.

More than 70% of the stock of federal staff housing is at least 30 years old as shown in Figure 7. This aging stock houses a work force that is decreasing in number. Three factors cause this down-sizing; devolution of authority and person years to the territorial government, technological change and contracting out work formerly done by employees.

The federal government has more staff units than it needs in some communities, but is building new housing in others. The impact of staff housing requirements on the industry is difficult to predict. Building new housing depends on decisions made in Ottawa. Similarly,

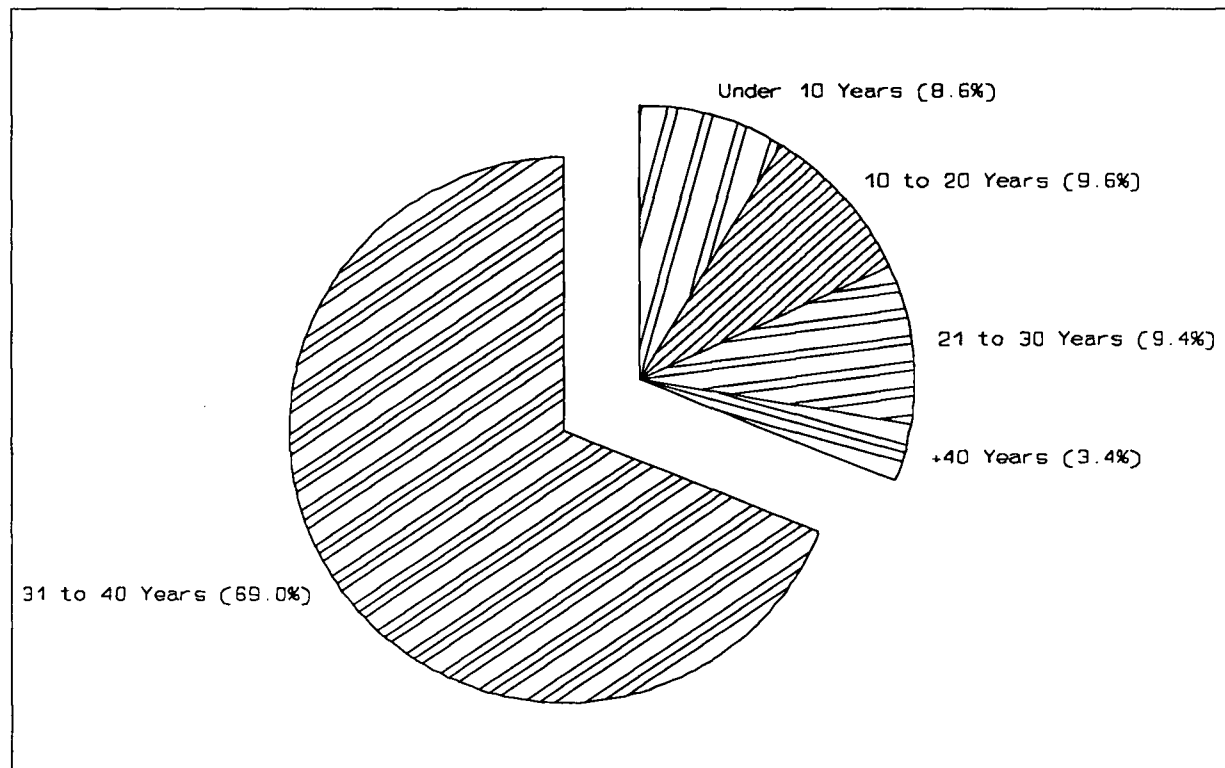
Table 7 Subsidized Federal Staff Housing

Department	Units
Public Works	357
RCMP	49
Health and Welfare	47
Parks	37
Revenue	19
Transport	13
Total	522

Source: Compiled from interviews with staff in each department

decisions to dispose of property rests with bureaucracies outside the territory and reflect changing federal government policy on the provision of this employee benefit.

Figure 6 Subsidized Federal Staff Housing: The Aging Stock



It is certain that the government will dispose of properties in some communities and build in others. In some communities, federal houses are vacant and have been vacant for some time. The federal government is exploring options to reduce its surplus employee housing including sales to the public.

The federal government's staff housing portfolio has an impact on CED. The federal government may try to sell some of its aging redundant stock to agencies and individuals in Yukon. If the federal government made the vacant units available to Yukoners, this would increase the supply of housing. However, it also has the potential to harm the Yukon economy in two ways. First, it would reduce the demand for new housing. Second, buying the houses is essentially an import; the money paid for the houses leaves Yukon. While the federal

government is sensitive about the impact on the market and industry, it is not clear what will happen with the surplus units.

The federal government has more subsidized housing for its employees (522 units) than the Yukon government has in its social housing portfolio (353 units). This is some indication of the housing policy and program priorities of the federal and territorial governments.

3.3. The Role of the Territorial Government

The territorial government is involved in many sectors of the housing industry. It owns and manages social and staff housing, plans, designs and builds subdivisions, sells lots, regulates and enforces the industry, plans, designs, installs, operates and funds waste disposal systems and delivers social housing programs. It has the most direct impact on Yukon communities and therefore, its activity creates the most opportunity for CED.

A. Social Housing Programs

The Yukon government's housing agency, Yukon Housing Corporation (YHC) derives its authority from five acts. These are the Housing Corporation, Housing, Housing Development, Rental Purchase Housing and Government Employee Housing Plan Acts. As shown in Table 8, YHC owns and manages 447 social and staff housing units in 15 communities. YHC involvement in the housing industry has depended on political priorities, the political climate and the state of the economy.

In the early 1980's, the territorial government directed YHC to sell its portfolio of detached social housing units. YHC sold about 30 units, 10% of its social housing inventory at the time.⁵⁵

Prices in the real estate market throughout Yukon were already down because of the recession. These sales further depressed the soft market. While the federal government was trying to stimulate the economy with programs to assist new rental starts and home ownership, the Yukon government acted quite contrarily. Its actions further reduced demand for new housing. In 1984, the Yukon Conservative

Table 8 YHC Portfolio at December 31, 1988

Community	Social*	Staff	Total*
Beaver Creek	-	2	2
Carcross	6	3	9
Carmacks	12	8	20
Dawson City	46	16	62
Destruction Bay	-	1	1
Elsa	-	2	2
Faro	-	16	16
Haines Junction	13	4	17
Mayo	26	7	33
Old Crow	-	3	3
Pelly Crossing	-	4	4
Ross River	15	8	23
Teslin	12	11	23
Watson Lake	27	9	36
Whitehorse	196	-	196
Total	353	94	447

* Excludes Rent Supplement Program units

Source: Compiled from YHC records

government merged YHC into the Department of Community and Transportation Services and made YHC a line department like Property Assessments.

When the current NDP Government was first elected in 1985, it began restructuring of YHC, a process which continues. The government plans to introduce new legislation for YHC during its current term in office.⁵⁶ However, based on the unit commitment pattern of YHC since 1985, neither the government nor YHC have acted like social housing was a priority. YHC has lapsed almost as many units as it committed in the 1986-1988 period. To date, there has been only minor change in housing policy brought about by the change in the political party in office.

In 1986, the Yukon government joined with the other 11 major jurisdictions and signed Global Agreements on housing with the Government of Canada in 1986. Under this agreement, YHC cost shares four social housing programs with CMHC. It could cost share other programs, such as the Urban Native and Rural and Native Programs as is done in some other

jurisdictions. Delivery targets and actual units delivered for 1986-1988 are provided in Table 9 below.

YHC only delivered about 53% of the units available to it in the partnership in the 1986 to 1988 period. This record creates some uncertainty whether YHC will deliver the 80 new units available to it in 1989.⁵⁷ Eighty units would likely be available to YHC each year for an indefinite period if it could deliver them.

Table 9 YHC Social Housing Unit Delivery: 1986-1988

Year	Planning Target	New/ Acquired	Rent Supp	Total	Take-Up
1986	57	5	19	24	42%
1987	57	52	0	52	91%
1988	63	2	16	18	29%
Total	177	59	35	94	53%
Source: YHC records and interviews with CMHC Whitehorse Branch and BC/Yukon Region staff					

YHC caused a substantial loss to the Yukon economy by not delivering all the units for which funding was available.⁵⁸ The units not delivered in the 1986-88 period represents a loss to the Yukon economy of about \$9.3M (1988 dollars).⁵⁹ This is in addition to the housing years lost, about 3000 years.

YHC borrows the money for new social housing commitments from private lenders (banks).⁶⁰ CMHC and YHC cost share the net operating deficit for each project on a 75:25 ratio for up to 35 years. This means the loss to the Yukon economy caused by not building the units is more than just the capital spending. After subtracting the estimated principal and interest expenses, payments for other operating expenses (property taxes, maintenance, heat, vacancy loss etcetera) for the 83 units represents a loss of an additional \$12m to the economy. Of this amount, CMHC contributions would have been \$9m.⁶¹ The total loss to the economy of not building the 83 units is about \$21m.

The four programs YHC delivers create opportunities for CED, but not equally so. (The relative CED benefits of all programs are discussed in Chapter 4.) Of the social housing programs YHC delivers, the Private Non-Profit Program creates the greatest opportunity for CED, in part because it requires a private non-profit sponsor. Typically, sponsors are existing or new community organizations like the Lions Club, cultural groups, church groups, women's groups, and unions.

However, YHC has never delivered the Private Non-Profit Program. It does plans to deliver two projects totalling 18 units in 1989. Better promotion of the program could increase demand and opportunities for CED.

YHC could also deliver the Private Non-Profit to a housing cooperative. In this program variation, all households must be in *core housing need*. This would make it possible for a housing co-operative to get the same subsidy as any other non-profit sponsor. As CMHC will not deliver their Co-op Housing Program in non-market communities, this is an alternative for non-market communities. For a full explanation of the programs discussed in this thesis, please refer to the respective program guidelines.

The YHC Board of Directors and management did not support the Non-Profit Housing Program until early 1988. In fact, YHC kept the maximum unit prices lower than it could build for itself.⁶² This made it virtually impossible for sponsors to make the Co-op and Private Non-Profit Programs work. In 1989, YHC support for Private Non-Profit is minimal. YHC has never dedicated staff to this program and never promoted it.

YHC's priority over the past three years was to deliver the Public Non-Profit Housing Program. As discussed in Chapter 4, this program does very little for CED.

One common perception of Public Non-Profit housing projects is that they don't belong to the community. Many people equate this program with their understanding of the public housing projects built in the 1970's. People, even those in *core housing need*, view Public Non-Profit projects as just another form of public government housing and not desirable places to live.

One indication of this is that in the early 1980's, there were vacancies in the public housing projects managed by the Greater Vancouver Regional District Housing Department. At the same time, housing co-ops and Private Non-Profit projects had waiting lists.

Part of this community versus government ownership perception may contribute to speculation at CMHC that Private Non-Profit projects costs less to maintain than Public Non-Profit projects. Some CMHC officials believe tenants in Private Non-Profit projects take better care of their accommodation than tenants in Public Non-Profit projects. This means that in of the two programs, Private Non-Profit could be more cost-efficient.⁶³

The other two programs YHC delivers and cost shares with CMHC are rent supplement programs. Co-operative Rent Supplement causes new construction because it makes CMHC Co-op projects economically viable. It also helps the project maintain economic viability over its life cycle. Housing co-ops are discussed in Chapter 4.

Private Rent Supplement does not cause new housing starts or contribute to CED.⁶⁴

Its use in Yukon is questionable, because of the dynamics of the housing market, particularly the decline of the rental sector. The reason it is popular with YHC may be because it is the easiest program to deliver. However, based on CED criteria discussed in Chapter 4, it's a poor program choice. It also uses the same budget for other programs which cause new construction.

B. Territorial Government Staff Housing

As discussed in Section A above, YHC owns and manages about one hundred staff housing units in 14 communities for YTG staff. In fiscal year 1983/84, the last year for which figures are available, occupancy months by department was about 58% Education, 30% Highways, with the remainder by Renewable Resources, Human Resources Branch, the Liquor Corporation, and Justice.⁶⁵

YHC derives its authority to provide staff housing from the Employee Housing Act. However, the discretion to provide it and the rental rate to charge, rests with the Housing Minister and the YHC Board of Directors he/she appoints. An example of this discretion was the 1984 decision by the Board to dispose of its staff housing properties in Whitehorse.⁶⁶

The purpose of staff housing is to facilitate hiring new staff, particularly teachers, in communities where there is no housing market. In Yukon, Whitehorse is the only community with a housing market.

Staff housing is good for CED. It facilitates the hiring process which makes it possible for the government to hire people with skills either not available in a community, or available in sufficient numbers to meet economic and social needs.

Building staff housing creates employment in the construction process and in on-going maintenance and operations. It also generates new property tax revenue for the host area and creates new jobs in property management.

The way the YHC manages and plans the staff housing portfolio, limits its contribution to CED. Program management is centralized in Whitehorse. People in Whitehorse decide where

and what to build, which units to modernize and improve, whom to house and the rent to charge. These decisions are linked to hiring priorities which are also set in Whitehorse. YHC could devolve the responsibility for this program to communities.

C. Community and Transportation Services

The Department of Community and Transportation Services (C&TS) is the government's land development agency. Table 10 shows this department's spending in the housing industry.⁶⁷

Table 10 C&TS and the Housing Industry: Fiscal Year 1988/89

Section	Person Years	(000's) Salaries	Capital Budget (000's)	Total (000's)
Lands Branch	12	\$ 800	\$ 4,500	\$ 5,300
Community Services	15	\$ 679	\$ 6,725	\$ 7,404
Total	27	\$1,479	\$11,225	\$12,704
Source: interviews with Department Directors				

C&TS plans, develops, services and sells lots in new subdivisions, builds and maintains the physical infrastructure and makes capital and operating grants to municipalities. It also provides advice and direction for the many unincorporated settlements in Yukon. This department is a major player in the housing industry. Its 1989 spending in the housing industry will exceed spending by YHC for new construction and renovation programs.⁶⁸

The Yukon government announced a new initiative to install municipal water and sewer services in several communities in the January, 1989 Throne Speech.⁶⁹ These capital projects will create opportunities for CED in several ways. First, YTG will have to establish and support

community planning processes. The key issues in these planning processes are physical planning (the location and type of system), the method of treatment and the disposal/discharge problem. Second, the installation of municipal services will create jobs and business opportunities in the communities. Third, the new municipal services will improve the physical infrastructure in communities. However, these opportunities for CED will depend on the technology and materials decision makers select and the level of community involvement in the projects.

3.4. Band Governments

Bands governments plan and develop subdivisions, own and develop businesses, build houses, train workers and own and manage about nine hundred housing units. Included in this total are 250 On Reserve Program units and about 650 units built with housing subsidies from the Department of Indian affairs (without a subsidy from CMHC).⁷⁰ Some bands, like Champagne-Aishihik and Kwanlin Dun, have their own construction companies or act as companies themselves.

Table 11 The On Reserve Housing Program: Band Portfolios

At December 31, 1988	
Band	U n i t s
Kwanlin Dun	106
Little Salmon/Carmacks	24
Champagne/Ashihik	30
Teslin	18
Dawson City	19
Liard	17
Old Crow	15
Selkirk	13
Ross River	8
Total	250
Source: compiled from interviews with CMHC Whitehorse Branch staff	

CMHC considers band governments non-profit societies eligible to sponsor On Reserve Housing Program projects. Table 11 shows band take up of this program since 1980. Three of the twelve Yukon bands, Mayo, Carcross and the Kluane Tribal Council, have never sponsored an On Reserve Housing Program project.

The Kwanlin Dun Band (KDB) experience is a good example of how to use the housing

industry for CED. Located in Whitehorse, the KDB owns Tagish Kwan, an economic development corporation. It started as a prefabricated home business with its own factory in 1985. Since 1985, the company has manufactured and constructed about 100 homes.

Tagish Kwan has expanded its operations and now manufactures non-residential buildings. The company is also an owner or partner in other businesses, has a 30 unit condominium project under construction, and plans to build a \$20M industrial park. Most projects and businesses are in the Whitehorse area.

Tagish Kwan has a permanent full-time staff of twelve and employs another twenty-two people seasonally. About two-thirds of its employees are Band members. The Band Chief and Council appoints the company Board of Directors.⁷¹

The KDB is in the final phase of a five year relocation project. The project involved moving the village site to a new location, the existing but unoccupied McIntyre Subdivision. Using the NHA Section 56.1 On Reserve Housing Program, the project involves constructing about 120 new homes.

The Kwanlin Dun Band is using Tagish Kwan to train and provide employment for Band members. However, though the band is a non-profit entity, Tagish Kwan is a for profit business. It is not a co-operative or a collective which could do more for CED (Ross and Usher, 1986).

3.5. Municipal Governments

Municipalities in Yukon perform about the same functions as municipalities elsewhere in the country. However, no Yukon municipality owns or manages a social housing project. Municipalities, or associations of municipalities, could sponsor Private Non-Profit Housing

Program projects.

The City of Whitehorse is a funding partner (12.5%) in a 43 unit social housing project built in the early 1970's. However, YHC manages the project and the partnership is strictly a financial one. YHC did not consult with the City about major improvements to the project in 1987. One result is that the City's share of 1987 operating losses remain unpaid.⁷²

The City finally responded to a 1988 invitation from the YHC President to place a representative on the Whitehorse Housing Authority Board of Directors. Councillor Gallup is the representative.

Dawson City developed about 15 residential lots in 1986-87. The lots are on the market at development costs. Dawson City is unique because most other municipalities rely on YTC to plan and develop new subdivisions. Dawson City also provides housing for two of its senior staff. Other municipalities may also provide staff housing but the total number of units is small.

The Minister Responsible for YHC invited the Association of Yukon Municipalities to recommend appointments to the YHC Board of Directors in 1988. Also in 1988, the Minister invited municipalities to make similar recommendations for the community housing associations. However, the municipalities did not respond. There is however, some community representation on the YHC Board of Directors.

YHC has made an effort to involve municipalities in identifying housing needs. This consultation process is for both existing and new projects. However, the process is consultative; it is not power sharing or empowerment. It is common for YHC to change or cancel projects without consulting with the same community leaders they consulted in the project planning phase.

3.6. The Private Sector

While the federal, band and territorial governments dominate the housing industry, most dwellings are privately owned, and, in most years, built by private companies. Of the estimated 8,350 occupied private dwellings, approximately 5,800, about 70%, are privately owned, fee simple properties.

The importance of the *Market Housing Rental Sector* is declining as discussed in Chapter 2. Since 1982, the private sector added only ten new apartment rental units to the rental stock in Whitehorse. There are only 47 apartment (four or more units) rental units in the private sector in all the other communities outside the capital combined.⁷³

There are about 100 companies involved in the construction sector of the housing industry. Most have less than 12 employees.⁷⁴ A Yukon government directed CED strategy in the housing industry would directly affect these firms. These firms would also benefit most from a government commitment to stabilize the housing industry.

The Yukon housing industry mirrors the boom and bust character of the economy. It will be difficult for government to succeed with efforts to develop and diversify the housing industry because of these cycles. Small private firms will have difficulty getting financing for major investment in new plant and equipment in such an unstable market.⁷⁵ Government programs which assist financing will likely have only limited success. There is so much uncertainty that firms will remain unwilling to invest, even with the generous financial incentives government programs provide.

The private sector is doing a good job of meeting the housing needs of upper middle and upper income earners, particularly in Whitehorse. It is also doing a good job of building

government staff housing throughout Yukon. However, the private sector is not doing a good job of meeting the needs of low and middle income Yukoners except with market choices like mobile homes. Mobile homes are an import and as such, represent a leakage to the economy. This leakage is compounded because most mobile homes are energy inefficient.

For the Yukon government to be successful in its implementation of *Yukon 2000*, it must have the support of the private sector. In the housing industry, this means the support of both producers and consumers. Some means to get this support are discussed in Chapter 5.

3.7. The Demand for New Housing in the 1990's

The demand for new housing depends on the combination of several factors. Four are discussed below. These are:

- population growth;
- government response to *core housing needs*;
- age and condition of the existing stock; and
- economic conditions.

A. Population Growth

There is a lot of uncertainty about the export industries on which the Yukon economy and hence workforce is based. As a result, making population projections is not much more than informed guesswork. Changes in the export base, which in Yukon is government, tourism, and mining, can cause unpredictable and wide swings in population. However, despite the severe recession in the first half of the decade, the Yukon population continues to grow.

Major population changes in one industry communities like Faro and Elsa will occur when

the mines close either temporarily or permanently. However, viewed over several years, there is some stability to overall population growth. The strength of the government and tourism sectors and the large (20%) resident native population, are factors which contribute to this growth.

Table 12 Population and New Housing Demand Projections: 1990-1999

(The Actual 1989 population is 29.1. Population is in 000's. New housing is in units)											
	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	Total
Scenario 1	30.1	31.1	32.1	33.3	34.2	35.4	36.5	37.6	38.8	40.0	
New Housing	356	369	359	371	383	395	408	405	418	431	3895
Scenario 2	29.9	30.8	31.6	32.4	33.3	34.2	35.1	35.9	36.8	37.7	
New Housing	300	309	288	296	304	312	320	306	313	321	3067
Scenario 3	29.9	30.8	31.6	32.4	33.2	34.1	35.0	35.8	36.7	37.7	
New Housing	299	308	284	291	299	306	314	300	307	314	3023
Scenario 4	29.8	30.5	31.1	31.7	32.3	33.0	33.5	34.2	34.7	35.3	
New Housing	252	258	211	216	220	224	228	202	205	208	2224
Averages											
Population	29.9	30.8	31.6	32.4	33.3	34.1	35.0	35.9	36.8	37.6	
New Housing	302	311	286	293	301	309	318	303	311	319	3052
Source: Derived from StatsCan Catalogue #91-517. Population is rounded to one decimal place. New housing projections are based on the increase in population divided by 2.8 persons per household (1986 census average), and is rounded. Note. The Yukon Government does not do population projections for the territory.											

Statistics Canada developed different growth rate scenarios for Yukon in 1976. Table 12 shows population predictions based the actual 1989 population and the growth rates in these scenarios. The YTG Bureau of Statistics does not make population projections and no other projections were available for this thesis. Compounding problems with population projections is the population data base. For 1984 and 1985, no population figures are available from YTG.⁷⁶

Based on Statistics Canada projections, the Yukon population will increase through the

1990's. Assuming the average household size in 1986 of 2.8 (see Table 12 below) remains constant, demand for housing caused by the increasing population will be about three hundred new units every year in the next decade. Assuming an average cost of between \$110,000 and \$130,000 (1989 dollars) per unit, each year new construction could generate between \$33M and \$39M in direct economic activity and about 612 years of employment.⁷⁷

The CED benefits of new housing continue over the life cycle of the properties. These benefits include spending on operations and maintenance and the employment that results, increased tax revenue for governments, and jobs in property management.

If the incidence of *core housing need* persists because of problems like chronic unemployment and underemployment (see Table 16 in Section D below), then about one third of this new demand will be by households in *core need*. This means that about two thirds of this new demand will be effective market demand likely to result in new construction. The private sector will have to produce about 200 units per year and the government 100 or the current housing crisis would worsen. Of course, this would do nothing to address the needs of about 3500 households already in *core housing need*.

Employer supplied housing will meet some of this new demand. However, this should not be a significant number of units. The mine in Faro recently privatized housing for its employees and the mine in Elsa may also divest itself of its staff housing portfolio, about 100 units. The new Canamax mine near Ross River provides housing for employees only while they are at the mine site on shift. Most Canamax employees require permanent accommodation elsewhere in Yukon.

As discussed in section 3.2. B above, the Federal Government will divest itself of most of its staff housing portfolio sometime in the future. The pressure on YTG to do likewise may also increase. This will mean the private sector will have to respond to the housing needs of the

employees with stable, higher incomes. The governments may still have to provide housing in the smaller communities to recruit staff.

Table 13 compares total private households for Yukon and for Canada. The table shows the ownership rate is about the same for Canada and Yukon. However, there is a significant difference in the percentage of detached dwellings. Single detached dwellings are the predominant building form in Yukon. Social and market housing planners should heed this difference.

Average incomes in Yukon are dramatically higher than the Canadian average, about 34% more. However, the median income is

much closer, only 13% higher, suggesting that income distribution in Yukon is more skewed. Supporting this hypothesis are two facts. First, is the higher percent of Yukon households earning more than \$50,000 a year. This is 26% compared with 20% for Canada. Second, is the high number of chronically unemployed and underemployed people, especially in the smaller communities (see Table 16).

B. Government Response to *Core Housing Needs*

The 1986 *Yukon Housing Needs Study* reported what many people already knew. Housing

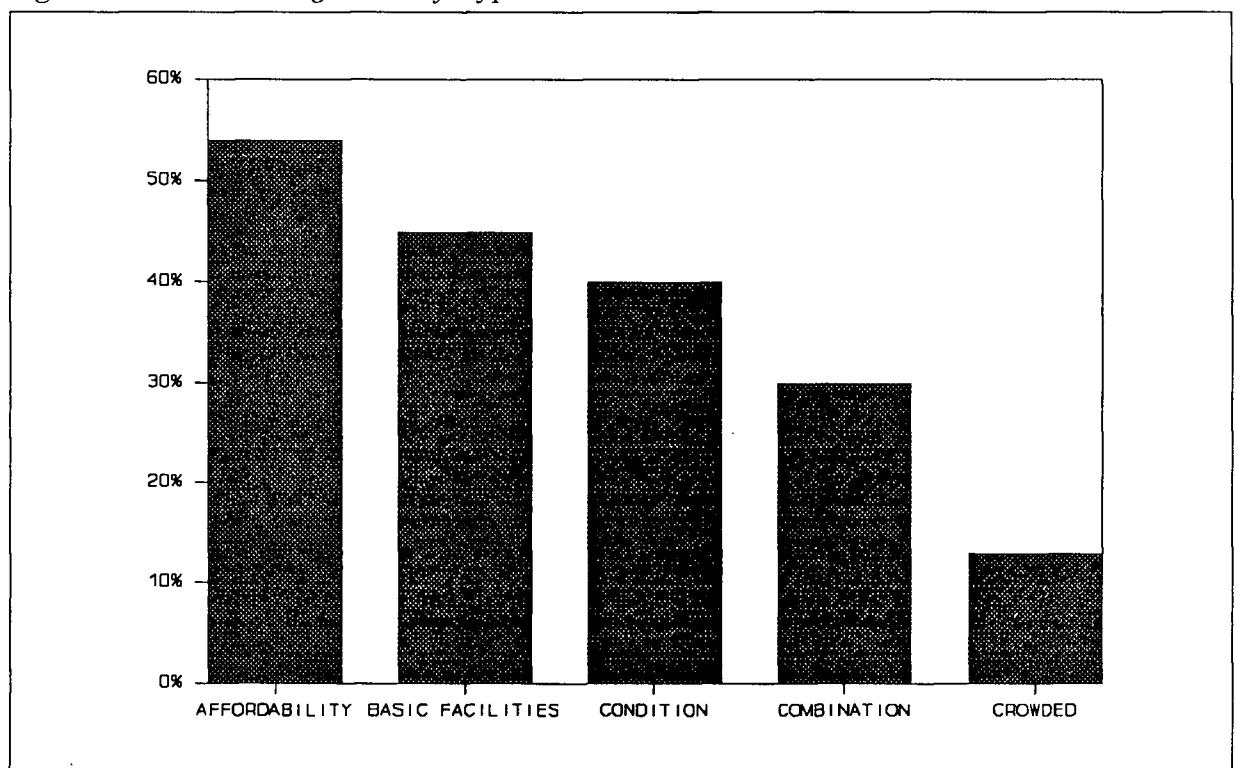
Table 13 Canada and Yukon: Households and Housing 1986

Characteristic	Canada	Yukon
Type of Dwelling		
Single Detached	56%	71%
Households		
Persons Per Household	2.7	2.8
Average Household Income	\$35,665	\$47,853
Median Household Income	\$29,462	\$33,273
Households with Incomes		
Greater than \$50000	20%	26%
Tenure		
Home Ownership Rate	63%	64%
Sources: Derived from J.D. Hulchanski, <i>Canada's Housing and Housing Policy</i> , UBC Planning Papers and YTG Info Sheet #2-87.12		

needs in Yukon are much greater than in any of the twelve major jurisdiction in Canada. The 1986 study found that almost 30% of households were in *core housing need*.⁷⁸

Figure 7 illustrates the kinds and levels of housing need in Yukon. What is striking is about 30% of households in *core housing need* have more than one kind of housing problem. It is common for people in Yukon to pay more than their income can support for inadequate or crowded housing.

Figure 7 *Core Housing Need by Type of Problem*



One criteria for identifying *core housing need* is if households pay, or would have to pay, more than thirty percent of their income for suitable and adequate shelter. Whitehorse is the only location in Yukon with a housing market. There, the Core Need Income Thresholds or CNITs, are derived from average market rents for fully serviced accommodation. For the rest of Yukon, CNITs are derived from the cost of a Rural and Native Demonstration Program-type

house (This program is discussed in Chapter 4). Households in core need must have a housing problem and an income less than the threshold applicable to their household size and composition.

YHC has not updated the *1986 Yukon Housing Needs Study* to reflect the major increases in the core need income thresholds for Yukon. Increases are particularly significant for the rural areas. However, the estimate used in this thesis is that about one third of households are in *core housing need*.⁷⁹ Table 14 shows the increase in the core need income thresholds since 1986.

Table 14 Yukon Core Need Income Thresholds: 1986 and 1988

Income Threshold by Region						
Bedrooms Required	Whitehorse (City)		Rural Areas		Special Access Areas	
	1986	1988	1986	1988	1986	1988
One	\$22,600	\$21,000	\$21,800	\$38,000	\$13,000	\$34,000
Two	\$27,200	\$25,000	\$24,100	\$38,000	\$17,000	\$34,000
Three	\$29,200	\$28,000	\$26,600	\$42,500	\$19,600	\$48,000
Four	\$30,600	\$34,000	\$28,100	\$48,000	\$21,600	\$60,000
Sources:	Yukon Housing Needs Study, page 6 and YHC records.					
Notes:	1. New National Occupancy Standards in 1987 changed the way of calculating thresholds. 2. The Thresholds in for the rural areas in the Needs Study were averaged for this table.					

People in Yukon identified the kind of responses to housing problems they want from the Yukon government in two *Yukon 2000* reports.⁸⁰ These include:

- increased availability and affordability of all types of housing by creating new programs to support home ownership;
- access for all Yukoners to good quality, appropriate and affordable housing; and

- devolved responsibility for running housing programs.

There is no "best" way to respond to respond to the approximately 3500 Yukon households in *core housing need*.⁸¹ The definition of the appropriate and cost-effective program response to housing needs is political and highly subjective.⁸² However, because of the extent of *core housing need* and the low level of rental starts in the 1980's, YHC and CMHC should have no shortage of occupants for new units **provided they meet community needs**.

The annual number of new housing starts in Yukon is quite erratic as illustrated in Figure 5 and Table 9. CMHC and YHC have always had the financial resources to build more units than either ever did. Neither agency ever fully committed its social housing budget for new units. Unfortunately, this failure is not only a contemporary one; it has persisted since the early seventies. It is not only a failure by politicians, but by bureaucrats and community organizations.

Table 15 Portfolios of the NWT and Yukon Housing Corporations: A Comparison

	Estimated Number of Households	Social Housing Units+	Ratio
Yukon	10714	353	1:30.3
NWT	13514	4100	1:3.3

Source: Compiled from interview with NWT Housing Corporation Yellowknife staff and YHC records. The average number of persons per household in Yukon is 2.8; in NWT, 3.7 (1986 Census, Table 1 19-104)

+ includes units owned or managed by the two territorial housing corporations

Table 15 compares the social housing portfolio of the Yukon and Northwest Territories Housing Corporations. As shown in this table, the NWT Housing Corporation has been much more active than YHC in responding to housing needs. While conditions in the two territories are different because of geography and number of remote communities, the response by the

territorial government in the NWT to housing needs is much greater than its counterpart in Yukon. **On a per household basis, the NWT Housing Corporation has ten times as many social housing units as YHC.**

There are no housing cooperatives and only three fledgling non-government non-profit housing societies. These are Native non-profit societies which receive funding only from the federal government. The Yukon government has never funded a private non-profit housing project, though it has had funding to do so for the past three years. In fact, during that same period, YHC lapsed federal funding for about 83 units. A past president of one non-profit housing society in Yukon reports that if YHC had contacted her society, that organization would have used at least some of these units.⁸³

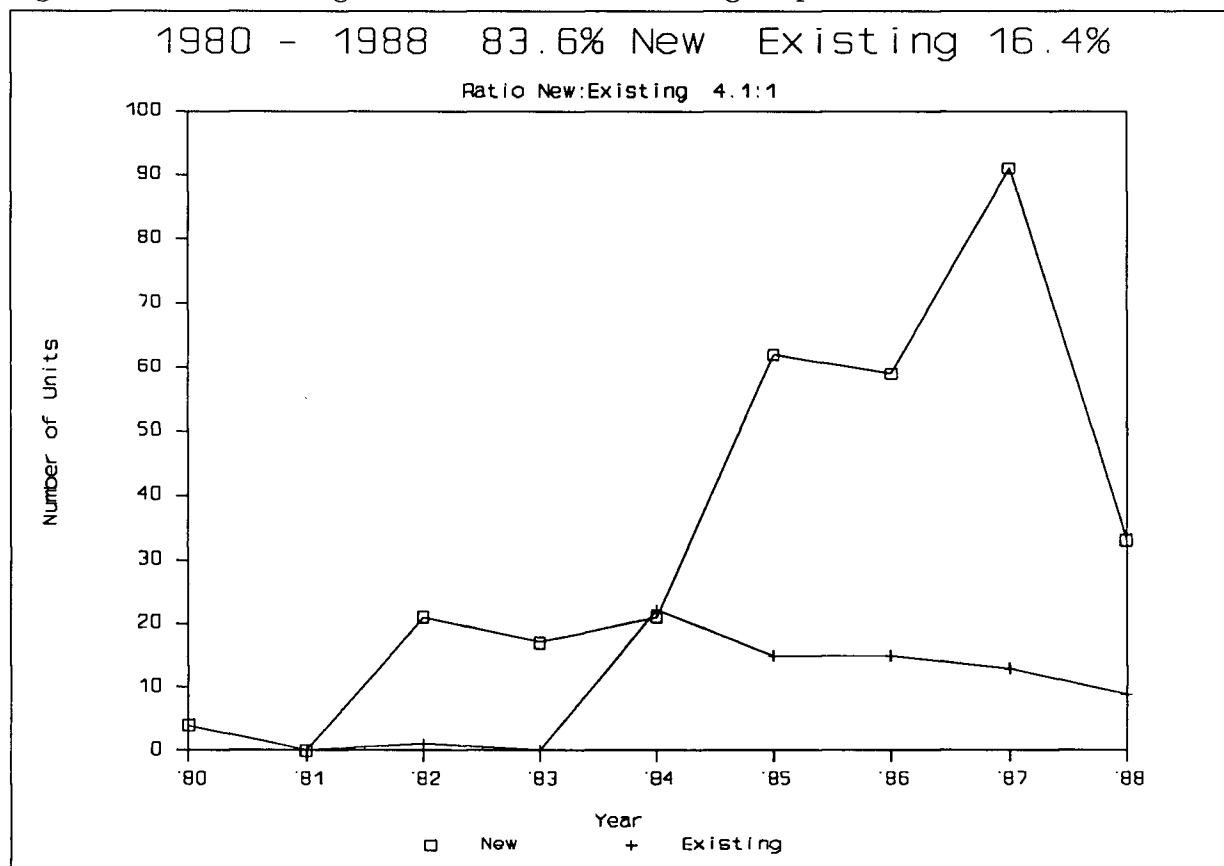
YHC did give project development funding to three private non-profit groups in 1988. YHC expects that two of the groups may proceed with projects in 1989. The total take-up could be about 18 units.

There are problems with program delivery discussed above. However, this thesis uses the number of units that CMHC and YHC could build as the number of social housing units these agencies will build. **This number, about 130 units, is manageable. For comparison, the NWT Housing Corporation delivered 291 units in 54 communities in 1988 and plans 300 units in 52 communities in 1989.**

Not all "new" social housing units are "new" to the housing market. Project sponsors have the option of buying existing or building new housing units. In fact, program guidelines are clear; project sponsors should evaluate their "best buy" option. This means that when the market value of existing properties is less than the market value of building new, project sponsors should buy the existing property. The effect is that when the economy is in recession and could benefit from the stimulation building new housing creates, program guidelines mean

sponsors should buy existing units.

Figure 8 Social Housing in Yukon: New and Existing Properties



There are other reasons project sponsors may decide to purchase existing properties. First, buying existing property is easier than building. A project sponsor with limited resources may select to buy rather to build, particularly if they are under a tight time constraint. Second, buying existing may be the only way a sponsor can get their units integrated into an existing stable neighbourhood which is already built-up. Third, in some markets, the best buy value of existing properties is so much greater than building new that project sponsors would all but refuse to build. This is particularly true in the smaller Yukon communities, where the gap between the cost of new and existing housing is greatest. Fourth, for some sponsors, buying existing and converting or renovating may be the only way they can get their project to cost less than the applicable maximum unit price.⁸⁴

As shown in Figure 8, about eighty-four percent of social housing commitments so far this decade were new units. Some programs have a greater propensity to cause new construction as discussed in the next chapter.

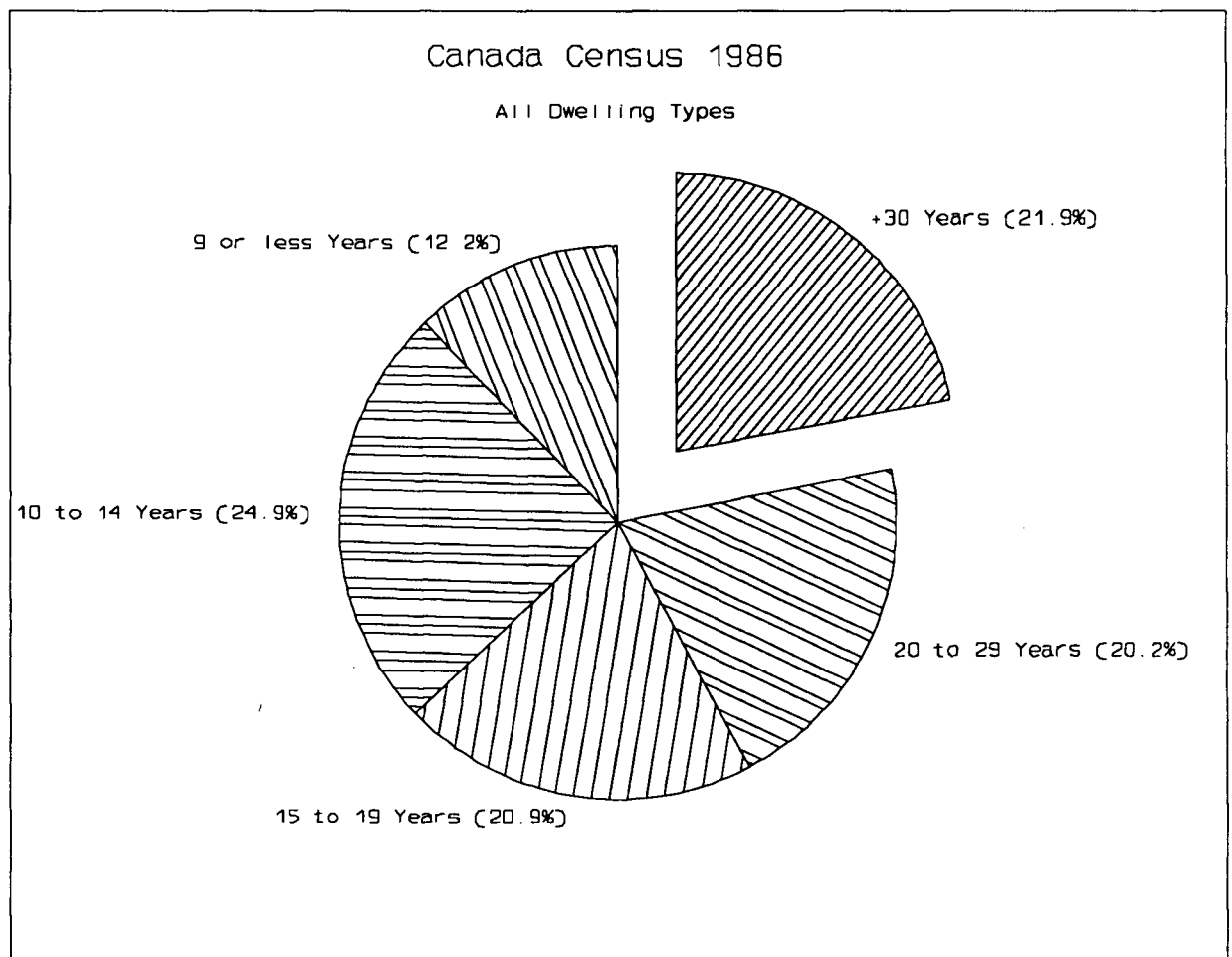
C. The Aging Housing Stock

The 1986 Canada Census reports 7975 occupied private dwelling units in Yukon in June of that year. The age of the Yukon housing stock reflects the building boom which occurred in the mid-1970's (see Figure 1). As shown in Figure 9, about 60% of the stock less than twenty years old.⁸⁵ This is a much newer stock compared to the stock in the rest of Canada. Nationally, only about 40% of the stock is less than 20 years old. However, overall, the condition of the stock in Yukon is much worse than in Canada.

The *Housing Needs Study* reported that about half the housing stock in Yukon was in inadequate condition; 24% lacked basic facilities; 23% was in poor interior condition; and 16% was in poor exterior condition. There is some overlap, but clearly, the stock is not in good condition. For the older stock, particularly in the communities outside Whitehorse, homes in inadequate condition are common. Even in Whitehorse, about 14% of the stock is in inadequate condition.

It is not possible to predict how much of the housing stock which is more than 30 years old will be replaced in the next ten or twenty years. This replacement will depend on many variables including the spending decisions of the property owners. However, if only 2% of this stock is replaced in each of the next ten years, this would create demand for about 35 new units each year. This is a modest replacement cycle as some of the stock which is now less than 30 years old will also be replaced over the decade.

Figure 9 Profile of the Yukon Housing Stock by Age



Renovation programs are good for CED as discussed in Chapter 3 and 4. Rehabilitating the best of the existing stock provides continuity and links with the heritage of each community.

CMHC reports the renovation sector is a rapidly growing part of the housing industry in which the trend is specialization of labour. According to the *Summary Report, The Changing Housing Industry in Canada*, "Significantly less opportunity for growth [in the renovation sector] is expected for individual firms attempting to be "jacks of all trades"...[and] The highly qualified skilled labour required for renovation work is in short supply (p. 41)." For Yukon, this means to salvage the older housing stock, vocational training and firms in the housing industry need

to recognize the special requirements of the renovation sector.

Renovation programs can meet some *core housing need*. For many others however, their house is beyond economic repair. For many people, their house must be replaced or they will remain in *core housing need*.

D. Economic Conditions

The strength of the economy, interest rates, people's expectations about continued employment (or underemployment), and household income are some of the factors which contribute to their housing spending decisions. Entrepreneurs also base their investment decisions on economic conditions.

The saying among entrepreneurs and investors in Yukon is that if you can't recover an investment within five years, don't make it. Because the economy is export based, firms can not predict what the economy will be like six months or even six weeks in the future. A shift in the price of silver on the London futures market can mean one industry towns, like Elsa and Faro in Yukon, are closed down.

Economy uncertainty means that demand for market housing is highly uncertain; so is supply. Investors and builders are very hesitant to invest in the housing industry which can be buoyant at the beginning of the building season and in deep recession at the end. Figure 10 shows the effect of the boom and bust cycle in the 1980's on the Gross Territorial Product and corporate profits.⁸⁶ The effects are dramatic and of real concern to financial institutions and the business ventures they get asked to finance.

The Yukon government has more flexibility to spend its way out of a recession than some of the provinces. This is because the Yukon government it is not as dependant on locally

generated taxes for revenue. About two thirds of the Yukon government's revenue is a transfer from the federal treasury.⁸⁷ Many Yukon government expenditures are in program areas, like housing, the Canada Assistance Plan and the Economic Development Agreement in which it shares the costs with the federal government. As shown in Figure 10, for the corporate sector, the recession has a major impact. In the 1983-85 period, corporate profits were off more than \$75m. However, during the same period, YTG spending was up more than \$114m.⁸⁸

There are several things the Yukon government can do to ease legitimate concerns about the housing industry which is so susceptible to economic downturns. These are discussed in Chapter 5.

Government spending in Yukon has a dramatic affect on the composition of the work force. Governments employ almost 21% of Yukon workers. This compares with 7.6% for Canada (McArthur, 1987). As reported above, the source of revenue for government spending only depends in a small though significant way on the strength of the Yukon economy. When that economy is in recession, more than one in five workers have jobs which are much more secure than jobs in the private sector. Without government spending and government employment, the recession of the early 1980's would have been a depression.

Figure 10 shows that it wasn't the private sector which led the economy from the recession in the early to mid-1980's. It was government spending that turned the economy around and the private sector which depended on that lead. CMHC and YHC could have further assisted the economic upturn by spending the money they had to build new housing.

Employment and underemployment are systemic in many communities as shown in Table 16. Many employment opportunities that do exist are seasonal or not full-time. Note that for the same month reported in Table 15 above, the official unadjusted unemployment rate for Yukon was 10% for Yukon and 8.1% for Canada.

Figure 10 The Effect of Recession 1982-1986

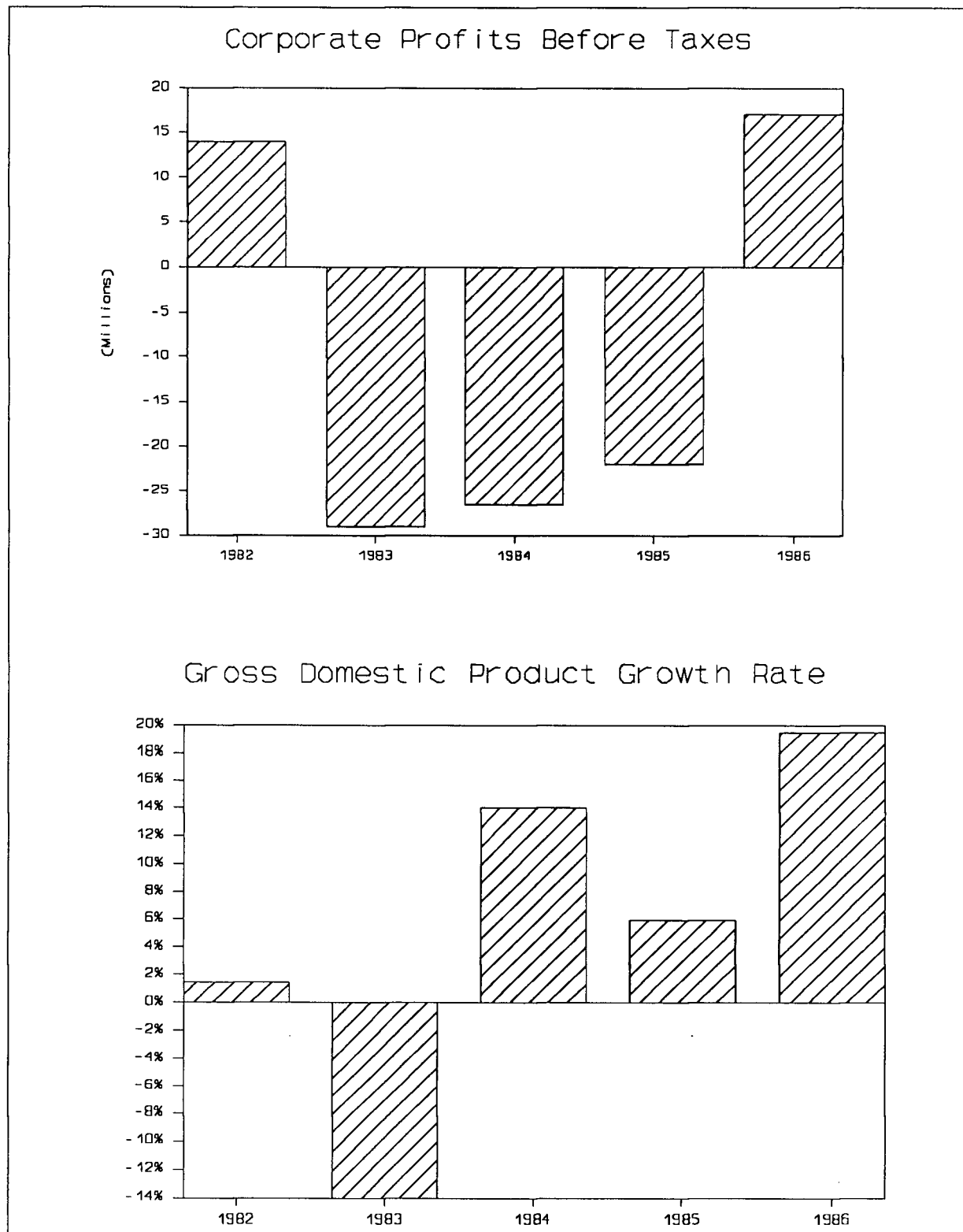


Table 16 is also an indication of the poverty in many of the smaller Yukon communities. An industry, like housing, which can create a jobs in every community every year on a sustainable basis would help many of these communities. Building many houses in one year would help ease housing problems. However, it would do little to relieve chronic unemployment and the housing problems it creates. In fact, the *Yukon 2000* report on housing recommended

Table 16 UIC Claimants and Employable Social Assistance Recipients

June, 1987				
Community	UIC Claimants (1)	S.A. Recipients (2)	Population +15 Years (3)	(1)+(2) as % of (3)
Carcross	35	13	243	19.8
Carmacks	32	46	276	28.3
Dawson City	209	31	1211	19.7
Faro	39	3	1010	4.2
Haines Junction	72	18	564	16.0
Mayo	64	39	803	12.8
Old Crow	7	8	191	7.9
Ross River	24	31	273	20.1
Teslin	63	11	418	17.7
Watson Lake	86	76	1136	14.3
Whitehorse	1515	236	14219	12.3
Total	2145	512	20344	13.1
Source: Yukon Territorial Government, <i>Yukon Economic Review and Outlook 1987-1988</i> Table 4-3 page 20				

that the Yukon government:

use the construction industry to stabilize economic activity by spreading larger projects over time, for example by building a number of social housing units a year for five years rather than all the required units for five years. This would maximize the longer term employment and business opportunities and reduce the need to import tradespeople and other workers from out of the Yukon (*Yukon Development Strategy: Construction and Housing*, p. 2).

The shortage of employment opportunities in many of the communities means people

there have limited resources for new housing. As a result, effective demand for new housing will continue to represent only a portion of total housing need.

4. Existing Housing Programs

This chapter reviews fourteen housing programs and assesses the impact of each on CED. The fourteen programs are:

- Co-operative Housing
- Urban Native
- On Reserve⁸⁹
- Lease Purchase
- Emergency Repair
- DIAND Renovation Program
- Private Non-Profit
- DIAND Housing Subsidy
- Rural and Native
- Rural and Remote Demonstration
- Residential Rehabilitation Assistance
- Home Improvement Initiative
- Saving Energy Action Loan
- Public Non-Profit

Sixteen criteria were developed against which to measure the impact of each program on CED. These criteria are based on the goals and objectives for housing in *Yukon 2000* reports and the literature on CED. As discussed in Chapter 2, the "community" in this thesis can mean either the Yukon community (all Yukon) or a particular geographic community, like Whitehorse or Old Crow. So there is Yukon CED and community-based economic development. Nine criteria differentiate between the impact on **Yukon** CED and impact on CED in a particular **community**.

The sixteen criteria measure the impact the programs have on CED as each delivery agent delivers each program. This is not an empirical test or evaluation and the criteria are not weighted. Rather, the purpose is to measure the relative CED benefits of the programs based upon the criteria. Table 20 at the end of this section summarizes the relative impact of each program on each CED criteria and gives each program a total score.

About 65% of the Yukon population lives in Whitehorse. If the distribution of CED

occurred on a population basis, then 65% of the CED benefits of the housing industry would be in the capital. However, to redress the current unequal distribution of income and CED in Yukon, necessitates that a percentage of benefits greater than 35% accrue to communities other than Whitehorse.

Indicative of this unequal income distribution is that 37% of households outside Whitehorse earn less than \$20,000 per year compared with only 22% in Whitehorse; 30% of households in Whitehorse earn more than \$50,000 per year compared to only 19% outside Whitehorse.⁹⁰ Also, housing conditions are much better in Whitehorse.⁹¹

In the criteria, "community" means the either the local geographic community in which an agency delivers a housing program or a local community-based non-profit, elected or appointed group. In the criteria, "requires" means by program design or necessity. "Control" means the authority to direct and manage the project within program guidelines. "Tenant/owner" means the occupant or intended occupant of the housing unit in each program, not the holder of the title. "Affordable housing" means occupants do not pay more than 30% of their income to shelter costs. "Adequate housing" means the property a) meets national occupancy standards, b) meets the special needs of people with a disability, c) conforms with the National Building Code, and d) has indoor plumbing and liquid waste disposal. "Imports" refers primarily to imported fossil fuels but also to other imports. The criteria are:

- requires the use of Yukon harvested and manufactured building materials
- requires the use of community harvested and manufactured building materials
- requires the use of Yukon labour and professional services
- requires the use of local community labour and professional services
- uses a funding source external to Yukon
- community control of the process to identify housing needs

- project sponsorship by a new or existing community group
- community control of the project planning process
- community control of project implementation
- community control of ongoing project operations
- tenant/owner control of the project planning process
- tenant/owner control of project implementation
- tenant/owner control of ongoing project operations
- increases the supply of affordable housing
- increases the supply of adequate housing
- replaces imports through the use of alternate technology

4.1. Cooperative Housing Program

The purpose of the new (1986) Co-op Housing Program is to increase the supply of affordable housing. People living in co-ops funded under this new program do not have to be in *core housing need*.

Housing co-operatives are groups of people who have joined together to provide their own housing through joint ownership...people from all income brackets have turned to housing co-ops as a way to enjoy a secure, affordable home designed to suit their needs in a strong community environment...

Co-ops are member controlled organizations...each member has one vote in the operation of the co-op. Every year, the members elect, from among themselves, a Board of Directors to manage the business and affairs of the co-op.

Membership means joint ownership and control of one's housing (CHF, 1988).⁹²

Co-op owners may have some or all of the following responsibilities:

- incorporating a new non-profit cooperative housing society
- completing a needs study
- hiring consultants as required
- selecting a building site or a building to acquire
- hiring an architect
- preparing capital and operating cost estimates
- preparing building plans
- tendering the project
- arranging financing for 100% of the capital cost
- supervising and managing construction
- selecting tenants
- all responsibilities as project owners and landlords

CMHC funds and delivers one national co-operative housing program which it introduced in 1986. There are also three provincial co-operative programs, in Ontario, Quebec and Manitoba (Fact Sheet #3 CHF:1988).

It is usual for housing co-ops to start other co-operative agencies and activities (CMHC, Information for New Co-ops, NHA 6078). The program requires that a not-for-profit housing co-operative society incorporate for each co-op project. The housing co-op members are owners and tenants.

Many co-operatives join the Co-operative Housing Foundation of Canada, an important housing resource group founded in 1968 by the Canadian Labour Congress, the Co-operative Union of Canada and the Canadian Union of Students (Fact Sheet #2 CHF:1988). There are more than 54,000 co-operative housing units in Canada (CHF:1988). However, as reported

above, Yukon is the only jurisdiction in Canada without a housing co-operative.

CMHC reserved funding for a Yukon co-op in 1987, 1988 and again in 1989. The group incorporated in 1987 and secured a building site in Whitehorse in 1988. In 1987 and 1988, CMHC loaned the group Project Development Funds. However, the amount of the maximum unit price which CMHC imposed on the project caused delays in 1988. The consensus of the group was they could not build the project for less than the maximum unit price.

The latest report is that the co-op will not be able to construct a town house project within the maximum unit price for that building form. The group can however, purchase new three bedroom detached dwellings as that cost is below the applicable maximum unit price for detached dwellings.⁹³

The 12 unit project will mean an injection of about \$1.2M into the Yukon housing industry. However, the group may have to import some of the professional labour and most of the materials. This project will create about 6 person years employment in on site construction work and an unknown number of off-site jobs in Yukon.⁹⁴

4.2. DIAND Housing Program

The federal Department of Indian Affairs and Northern Development (DIAND) provides a capital subsidy directly to bands for the construction or acquisition of housing units. The DIAND Indian and Inuit Program Whitehorse Office administers this program for the 12 Yukon and 3 Northern BC bands. The federal government funds this program.

The intent of this program is to assist bands meet the housing needs of band members living on land set aside. DIAND pays a subsidy to band governments in the form of a conditional capital grant. In 1988, the approximately 40 DIAND conditional grants to Yukon

bands totalled \$1.48m.

The amount of the housing subsidy varies from \$27,583 to \$45,590, depending on whether DIAND designates a band urban, rural, remote, or special access. Urban bands receive the lowest subsidy and special access the highest. The subsidy amount only covers part of the cost of building or buying a house that meets the National Building Code. Bands may contribute additional capital funding to housing projects, but only to cover the cost of municipal services outside the house. Whether by design or default, the result of these program guidelines is that about 53% of units built with it in the 1986-88 period also used the CMHC Private Non-Profit On Reserve Program.⁹⁵

In some communities, the DIAND subsidy is sufficient to build a home to current National Building Code standards. However, it is not always sufficient to build a home to meet CMHC adequacy standards and with indoor plumbing and liquid waste disposal. It is also not always sufficient to build a home with enough bedrooms to meet national occupancy standards (number of persons per bedroom by age and sex, not co-habiting). In some communities, individual band members mobilize sweat equity and use their own savings to complete houses with the subsidy and the other capital contribution.

It is however, more common for the houses bands build with the DIAND subsidy to be effectively completed over several years. It is common for bands and the occupant to complete the house using several renovation programs. Some bands can build a house to the minimum standard required by DIAND with only the subsidy. In subsequent years, bands use other programs to make additions, install municipal services, increase thermal efficiency or install electric service. After several years, the result may be a complete adequate dwelling. However, this innovative use of renovation programs produces a house which is likely inferior to what bands could build if they had all the funds at the beginning of the construction process.

Each band chief and council allocate the housing subsidies and all band housing. Some bands use housing committees to try and de-politicize the allocation of housing resources and involve community members in the process. However these committees function with vague terms of reference and intermittency.

If there is no loan on the property, the occupants do not pay rent to the band.⁹⁶ Some other programs, like the now defunct Homeowners Grant in BC and RRAP, recognize the occupants of band housing as owners though they do not have title. However, once a band allocates a house to a particular household, it is the custom for that household to retain quiet enjoyment indefinitely.

In some cases, bands build log houses with trees harvested in Yukon. In most instances where bands completed houses only with the DIAND subsidy, through necessity they used at least some local building materials and products.⁹⁷

4.3. Non-Profit Housing Programs

CMHC and YHC deliver 7 non-profit programs in Yukon. The two rent supplement programs are not reviewed in this section. The other five programs are:

- Urban Native (CMHC)
- Rural and Native (CMHC)
- On Reserve (CMHC)
- Private Non-Profit (YHC)
- Public Non-Profit (YHC)

The purpose of these programs is to increase the supply of affordable and adequate housing for households in *core housing need*. In these programs, people assisted are tenants and they pay 25% of their income to rent.⁹⁸ In 1987, YHC set the maximum rent for units it manages at \$600 per month. For units completed before 1986, program guidelines permitted

program sponsors to set a maximum rent. For units completed after 1985, program guidelines do not permit project sponsors to set a maximum rent.

CMHC delivers the Urban Native, On-Reserve and Rural and Native programs. YHC delivers the Private Non-Profit and the Public Non-Profit programs. CMHC funds all programs it delivers 100%. The non-profit programs YHC delivers are cost shared with CMHC on a CMHC 75:YHC 25 basis.

Non-Profit Program project sponsors may have some or all of the following responsibilities:

- incorporating a new non-profit housing society
- completing a needs study
- hiring consultants as required
- selecting a site
- hiring an architect
- preparing capital and operating cost estimates
- preparing building plans
- tendering the project
- arranging financing for 100% of the capital cost
- supervising and managing construction
- selecting tenants
- all responsibilities as project owners and landlords

Program sponsors may be Indian bands, groups which previously sponsored a CMHC housing project, a new community group or YHC. These programs can empower community groups by giving them authority and responsibility to meet housing needs in their respective communities.

Some new community groups are formed to sponsor housing projects using these programs. Other groups, like Entre Nous Femmes Housing Society in Vancouver, sponsor more than one project. That group sponsored one project in each 1985, 1987 and 1988. Groups like Entre Nous Femmes are also an important resource for other groups which want to sponsor their own projects.⁹⁹

The five non-profit programs use newly created or established benevolent societies or governments as the means to meet housing needs. There are important differences between these programs and the co-op program discussed above. The legal owners of the properties funded with non-profit programs are the benevolent societies or governments, not the tenants. These benevolent organizations plan, develop, build, select tenants and assume all management and landlord responsibilities.

Tenants are not members of the non-profit society. In fact, program guidelines prohibit tenants from becoming members. This is because the constitution of societies using these programs must state that members can not profit or otherwise receive benefits from the society. CMHC considers being a tenant a benefit.¹⁰⁰ Similarly, the constitution of the society must prohibit members of the society from entering contracts with the society. According to the program guidelines, this means that if a member of a society was an accountant, the society could not pay them for keeping the accounts of the society. While conflict of interest guidelines have merit, some societies find these program guidelines reduce program effectiveness and the capacity of groups to meet housing needs.

A. Urban Native Housing Program

The purpose this program is to provide affordable and adequate housing to Native people in *core housing need* living in urban areas. The means is through a Native non-profit housing society. There are 3 such societies in Yukon. Their property holdings are shown in Table 17.

Though by definition, the program is for urban areas (more than 2500 people), CMHC did deliver this program in Watson Lake and Teslin, which had 1988 populations of 1,737 and 452 respectively. CMHC reports that will continue to deliver this program in these communities.¹⁰¹

This program has the lowest units constructed to units committed ratio. In Yukon, **this program has not directly caused the construction of a single house.**¹⁰²

B. On Reserve Housing Program

The purpose of this program is to increase the supply of affordable and adequate housing to band members living on land set aside. Across Canada, CMHC recognizes Indian Bands as eligible sponsors for this Non-Profit Program.

There is a maximum subsidy for this program and it is not as deep as other programs.¹⁰³ This funding arrangement means that bands must use the DIAND Housing Subsidy Program to make each project financially viable.¹⁰⁴ The minimum DIAND capital grant varies from project to project depending on location, but is about 40% of the total per unit capital cost. Table 18 reports the take up of this program in Yukon since 1980.

Most bands use housing as a community economic development program to create training and employment for band members and to offer improved housing alternatives to band

Table 17 Urban Native Housing in Yukon: Society Portfolios

At December 31, 1988			
Society	Unit Type		Total
	SDD ¹	Other	
Grey Mountain	23	10	33
Teslin	3	0	3
Tintina	19	0	19
Total	45	10	55

Source: CMHC Whitehorse Office staff

¹ Single Detached Dwelling

members. By making improved housing alternatives available, bands can keep some members in the community that would otherwise leave. Other band members return to their home community get the affordable housing this program makes possible.

Some bands, like Kwanlin Dun in Whitehorse and Champagne Ashihik which has several settlements in the Haines Junction area, also use the program to start and develop businesses. Most bands use the program for the physical development of their communities as part of a community planning process. Some bands even use the program to integrate their community into the non-Native community in their area by purchasing non-reserve property with program funding. However, most Bands manage the property as a cross between a private home ownership program and a private rental program. About 95% of the properties funded in this program are single detached dwellings. There are no tenant associations and no housing co-operatives on land set aside in Yukon.

C. Rural and Native Housing (RNH) Program

The purpose of this program is to increase the supply of supply of affordable and adequate housing for households in *core housing need* in rural areas (this means all Yukon except Whitehorse) not on land set aside. There are three options for people in this program; ownership, lease-to-purchase or rental (CMHC, NHA 5901-7 09/88).

CMHC committed 21 RNH units in Yukon since it first delivered the program in 1985. CMHC plans to commit 10 units in each of the next two years. This program is targeted to both native and non-native people on a percentage basis CHMC sets each year in the Yukon

Table 18 On Reserve Housing Program: Band Portfolios

At December 31, 1988	
Band	U n i t s
Kwanlin Dun	106
Little Salmon/Carmacks	24
Champagne/Ashihik	30
Teslin	18
Dawson City	19
Liard	17
Old Crow	15
Selkirk	13
Ross River	8
Total	250
Source: compiled from interviews with CMHC Whitehorse Branch staff	

Three Year Plan. The Council for Yukon Indians delivers this program under contract with CMHC.

This program has the second lowest units constructed to units committed ratio. Of the 22 units committed between 1985 and 1988, only 9 were new units.

This program does not involve community groups or require a non-profit sponsor. Communities and community groups do not have any control over who receives the program benefits. CYI usual method is to advertise its representatives will be in a community to explain the program and receive applications.

D. Private Non-Profit Housing Program

YHC is the agency responsible for delivering the national Private Non-Profit Program which it cost shares with CMHC on a 25:75 (YHC:CMHC) basis. The purpose of the program is to increase the supply of affordable and adequate housing for people in *core housing need*. This program requires a non-profit sponsor.

Unlike CMHC, YHC does not target a percentage of the new housing it delivers to Native people in the territory. While it may be a good thing not to deliver housing programs on the basis of race, YHC has not delivered the Private Non-Profit Program to a Native sponsor. YHC has not made the existing urban native housing societies aware that they can use this YHC program. Indeed, YHC has never delivered this program, though it contracted with CMHC to do so in 1986.

E. Public Non-Profit Housing Program

Of the housing programs assessed, the Public Non-Profit Program creates the least

opportunities for CED. In Yukon, Public Non-Profit projects involve community based but YTG appointed housing associations and authorities. The role of these appointed groups is essentially twofold; to advise YHC on all community housing matters and to make housing allocations based upon criteria developed by YHC and CMHC.¹⁰⁵

YHC and CMHC cost share this non-profit program. In it, YHC is the owner and landlord. It may contract out some or all property management responsibilities and does in one community only, to the Whitehorse Housing Authority.

In this program, YHC is the project planner and owner. At different times in recent years, YHC sought advice from community housing associations, bands, municipal councils, area residents and the local Member of the Legislative Assembly (MLA). The purpose of this consultation was to identify housing needs and in assist in project planning and implementation. However, as project owner, YHC holds all decision making power; the decision to consult is discretionary and the recommendations of those consulted are not binding on YHC.

YHC delivered 71 Public Non-Profit units in 4 communities in the 1986-88 period. in addition to managing these units, YHC manages 282 units in 9 communities built prior to 1986 with programs CMHC discontinued. This thesis considers these units the same as Public Non-Profit units.

Under the terms of the program, YHC has no responsibility to consult with the local community before it deliver the program. In practice, the consultation process varies from community to community. Even within the same community, the consultation process varies from project to project at the discretion of YHC.

YHC does not use the program to empower communities or community groups, for training,

or to create local employment. Except for one seniors' project in Whitehorse, it does not support tenant associations, though the program does permit YHC to fund them.

YHC could turn over program delivery to the community housing associations. With YHC technical support, these associations could design, deliver and manage projects. Community groups may perceive this to be an advantage over the Private Non-Profit Program because YHC would act as a kind of safety net. This is particularly important because there is no non-profit network or resource groups in Yukon from which a community group could get help if it there was a problem with program delivery.

Of the 59 units YHC delivered in this program in the 1986-1988 period, most, 86%, were new units. This program has a high units constructed to units committed ratio.

4.4. Rural and Native Demonstration Program

CMHC announced in 1986 that it would fund 500 units in this new demonstration program over the 1986-90 five year period. The target group is people in *core housing need* in rural areas who "demonstrate a willingness and capability to provide the volunteer labour required to build (their) own home," and are able to afford the on-going costs of homeownership excluding a mortgage payment (CMHC program Information NHA 5901-12)." Households selected into the program choose a design which, in the opinion of CMHC, the household can build within the \$45,000 maximum per unit cost (materials and freight only).

CMHC expedites the materials, provides some technical support and electrical, mechanical and other specialized labour at critical points in the house construction. The household is responsible for mobilizing the labour to build the house. This labour usually includes the household, family and friends.

Community groups can not be project sponsors in this program. It is worth noting that community groups can sponsor the NWT Housing Corporation Homeowner Assistance Program on which the federal government based their Demonstration Program. In the NWT, this means that individuals who do not themselves have the resources to build a house (for example, female-led families or the elderly) can receive the benefits of the program.

The School of Community and Regional Planning at the University of British Columbia is researching the CED opportunities created by the Homeowner Assistance Program in Fort Good Hope, NWT. The preliminary findings are that HAP does create CED.¹⁰⁶

The NWT Housing Corporation completed an evaluation of HAP 1987. Among the findings pertinent to this thesis is that there are limited economic development opportunities created by HAP. This is because the housing corporation there imports so much of the materials (NWT Housing Corporation, 1987). However, the evaluation also found that the program did cause community development "by engendering responsibility for long term operation and maintenance of their homes (p. 10)."

YHC delivered the Demonstration Program in Old Crow, Carmacks, and Carcross in 1986. Community opposition in Carmacks was particularly fierce and bitter. The way YHC delivered the program fuelled the perception that it was a free home program which would reduce property values. YHC has not delivered the program since 1986 and CMHC will only deliver the program in Old Crow.

4.5. Lease Purchase Program

YHC developed and introduced this program in 1988 and funds it 100%. It was developed in response to the *Yukon 2000* recommendation that YHC develop an assisted home ownership program. The purpose of the program is to increase the home ownership rate of people with

low and moderate incomes. The program provides assistance to people who can afford, or almost afford the costs of home ownership but who don't have the downpayment and who demonstrate good management of their personal financial affairs. It provides an opportunity for a limited number of renters, 20 and 30 in 1988 and 1989 respectively, to become owners.

This program does not impact directly on community groups or on community planning processes. People in the program may select, within cost constraints determined by their income and debt load, to build or purchase an existing home. None selected to build and one household selected to import a mobile home, an option in the program. In 1988, four of twenty people (20%) in the program were social housing tenants in Public Non-Profit Program projects.

There are benefits that accrue to a community when a household has a financial stake in it. Some people may argue that owners have a greater financial stake in a community than renters and are more likely to become involved in community affairs as a result. However, it is not the purpose of this thesis to define the relative impact of ownership and rental programs on CED. The impact of programs on CED has more to do with program design and delivery than whether people in the programs become owners or renters.

Home ownership has at least a perceived stream of benefits that renting does not. These include equity build-up, security of tenure, control of the property and, if income is rising, relatively lower downstream costs. These are some of the same reasons that motivate about 65% of Canadians to become owners.

Participants in home ownership programs may at least perceive they are better off, even if they are not. Some people may also have the perception that owners are better than renters and more entitled to government assistance. Still others may support assisted ownership while opposing social housing because they think the former means single detached dwellings while

the latter means apartments. The impact on housing programs is that some communities may support assisted ownership programs while opposing rental social housing. Housing and CED planners should be sensitive to community perceptions about housing programs in program design, marketing and implementation.

4.6. Renovation Programs

As discussed in section 3.2 B, about half the homes in Yukon are in inadequate condition. Many of these homes and others are also energy inefficient. This energy inefficiency causes high costs to the occupants and leakages to the economy as all fossil fuels are imported. To meet housing needs, four government agencies fund home renovation programs. Table 19 reports the value of these programs in the 1980's.

The federal government terminated the CMHC Landlord Residential Rehabilitation Assistance Program (RRAP) in the April, 1989 federal budget. That program is not reported in

Table 19 Home Renovation and Repair Programs

Actual dollars in \$000's					
Year	CMHC	YHC	YTG	DIAND ¹	Total
'80	NA	NA	NA	174	174
'81	28	NA	NA	181	209
'82	242	NA	NA	189	431
'83	435	NA	NA	197	632
'84	594	NA	3	205	802
'85	803	NA	320	214	1337
'86	630	NA	500	223	1353
'87	475	231	539	232	1477
'88	503	898	550	242	2193
'89	503	898	550	252	2203
Total	4213	2027	2462	2109	10811

Sources: CMHC Annual Reports and interviews with YHC, YTG, DIAND and CMHC staff.

¹ DIAND was able to provide estimates only.

this thesis. The impact of the seven continuing programs on CED is discussed below.

A. CMHC Renovation Programs

Canada Mortgage and Housing Corporation (CMHC) established a branch office in Whitehorse in 1979. It has funded renovation programs in Yukon since 1981. CMHC could have delivered the Residential Rehabilitation Assistance Programs beginning in about 1973 when it introduced these national programs, or beginning in 1979 when it opened a Whitehorse office. However, CMHC reports it was unable to find an agency to deliver the programs.¹⁰⁷

CMHC funds two types of renovation programs. The first, the Residential Rehabilitation Assistance Programs (RRAP), are delivered on behalf of CMHC by delivery agents across Canada. CMHC designed these programs to increase the longevity, adequacy and accessibility of existing housing owned by people with low and moderate incomes. To be eligible, a property must be inadequate and, after renovation, must be adequate and in a state of repair to last a minimum of 15 more years. To be eligible, households must be in *core housing need*.

Under the terms and conditions of the programs, CMHC makes loans, up to \$8,250 in Yukon, to eligible homeowners. The purpose of the loans is to repair heating, plumbing, structural, electrical and fire safety deficiencies or to make the property more accessible to a person with a disability. CMHC forgives the loans over a five year period provided the recipient continues to own and occupy the property.

The second kind of CMHC program is for the emergency repair of properties not eligible for RRAP because the condition is too poor. The Emergency Repair Program (ERP), provides assistance to homeowners on an emergency basis as the program name implies. Homes eligible for this program must be in such poor condition that the program delivery agent, after inspection, believes will not last more than a few years.

For areas outside Whitehorse, the CYI delivers these programs for CMHC. In Whitehorse, YHC delivers the RRAPs. The ERP is not delivered in Whitehorse. It is possible for municipalities and bands to be program delivery agents; in Yukon, none are.¹⁰⁸

The CMHC renovation programs contributed about \$4.2m to the economy in the 1980's. The programs are under review and CMHC expects to announce changes in 1990. In 1987 and 1988, YHC and CMHC discussed the possibility of cost sharing a renovation program but there is no progress to report.

B. YHC Renovation Programs

YHC developed and implemented the Home Improvement Initiative (HII) in 1987 in response to the 1986 *Yukon Housing Needs Study*. There are three programs in the HII targeted to homeowners in *core housing need*.

The RRAP E "tops up" the RRAP forgivable loan from CMHC by up to \$2,750. The Municipal Services Assistance Program (MSAP) provides up to \$7,500 for the improvement or installation of water and liquid waste disposal systems. The Renovation Program for Persons with a Disability (RPPD) provides up to \$5,000 to assist people improve accessibility for household members with a disability.¹⁰⁹ All funding to homeowners is a loan which YHC forgives over five years. Total funding for the HII in the 1987-1989 period is about \$2m.

The Council for Yukon Indians (CYI) delivers the programs in the communities and areas outside Whitehorse. In Whitehorse, YHC delivers the programs.

C. Saving Energy Action Loan (SEAL)

The Yukon government funds this program which the Energy Branch in the Mines and

Small Business Section in the Economic Development Department delivers. That department developed and implemented the program in 1984.

This program is part of the territorial government's strategy to reduce energy imports and energy consumption. The strategy has three parts; first, it promotes an awareness about energy use, consumption and conservation; second, it promotes replacing imported oil with local wood as a heat source and so represents import substitution; and third, it promotes the use of non-electric domestic and hot water heat. The reason for this is the high capital cost of increasing hydroelectric output, about three to four thousand dollars per kilowatt.¹¹⁰ Most of this expenditure represents imported capital equipment and thereby a leakage to the Yukon economy.¹¹¹

The form of the assistance is an interest free, repayable loan up to \$3,000. The purpose of the program is to reduce energy consumption, particularly imported oil, by landlords and homeowners. Loans are available to complete energy saving improvements. Most program applicants are homeowners. Property owners who make application for program loan funds must commission an energy audit on their property. This evaluates the energy efficiency of the property and recommends the energy saving improvements, in priority order, the owner should complete. The department advances the loans funds to the owner as a reimbursement for their spending on eligible improvements.

This program has contributed approximately \$1.9m in loan funds to the economy since 1984. In addition, this program has leveraged about \$650,000 in additional private spending.¹¹² The direct impacts of the program are spending on energy saving improvements of about \$3.1m in the 1984-1989 period and reduced energy imports and consumption.

D. DIAND Renovation Program

This program is 100% funded by the federal department of Indian and Northern Affairs. As part of its capital funding to bands, DIAND makes capital grants for home renovations. Bands allocate these funds in their capital plans within program guidelines which have a spending target of \$6,000 per unit. In their capital planning exercise, each band reviews housing needs and decides which homes to renovate. DIAND officials and the band chiefs allocate the Yukon budget. Total funding for this program in the 1980-89 period is about \$2.2m.

4.7. Summary

All housing programs have the potential to cause CED. Programs that fund new construction have the greatest potential for CED because the economic value and overall impact on communities is greater than other programs. Programs which fund renovations also have an impact on CED.

When used to purchase existing homes, social housing programs have less impact on CED. However, purchasing existing homes can integrate low and moderate income into existing neighbourhoods. It also is less intrusive and less likely to cause division in the community as a result.

Of the programs which can cause new construction, the Co-op, DIAND Housing Subsidy and Private Non-Profit have the greatest impact on CED; the Rural and Native Housing, Lease Purchase, and Public Non-Profit Programs cause the least. Of the renovation programs, the DIAND Renovation Program and RRAP cause have the greatest impact on CED; the HII, ERP and SEAL cause the least (see Table 20).

The DIAND Housing Subsidy Program scored high against the CED criteria. However, this is by default rather than program design. The program requires the use of Yukon harvested and manufactured products only because the subsidy does not cover the full cost of building a complete house. Individual band members must improvise to complete the house as best they can and typically use whatever local materials they can find. The program funding levels also mean that some of the units do not have indoor plumbing and a septic system certified by Health and Welfare Canada. While the band or occupant can make the improvements to make the property adequate using DIAND, YHC, CMHC or some combination of programs, the program can perpetuate *core housing need*.

Programs which cause the greatest impact on CED require the creation or existence of a not-for-profit community-based society and involve a community or community group. All programs discussed above could better contribute to CED if they required the use of Yukon and community materials and labour. Other programs which have not involved community groups in the past could do so in the future.

Both YHC and CMHC could devolve program delivery and operations of the housing programs to communities and community organizations. The more the housing corporations devolve responsibility and authority to community based organizations, the more impact the programs will have on CED.

One of the *Yukon 2000* goals is "control of the future." It is what people in the communities said they wanted at the *Yukon 2000* community meetings. Therefore, more control over social housing programs in itself causes CED. The more communities control social housing programs, the greater likelihood communities can use the housing industry to achieve other goals and objectives of *Yukon 2000*.

All social housing programs contribute in some way to CED. Table 20 shows the relative

benefits to CED based upon the criteria stated at the beginning of this chapter. However, some housing programs cause divisions in communities because of the Not In My Backyard Syndrome (NIMBY), the frontier philosophy discussed in Chapter 1, and the perception that YHC and CMHC don't deliver the programs in a fair way.

This fairness issue applies to the broader economic benefits of the housing industry. Neither CMHC or YHC delivers programs in a way designed to maximize the use of local (Yukon and community) labour and materials. Processes which involved, indeed gave control to communities and community groups in program design and delivery could facilitate greater community acceptance and more community economic development.

Through their respective governments, YHC and CMHC have the money to pay for approximately 130 new housing units (YHC - 80, CMHC - 50) each year for an indefinite period. This would contribute about \$15.6M into the economy for capital work each year. Also each year, the housing corporations would spend money to subsidize the operating costs of these new units. Excluding principal and interest, this subsidy would be about \$4,148 per unit per year. This subsidy usually decreases over time.

Renovation programs also contribute to the economy, almost \$11M in the 1980-89 period. As shown in Table 19, the total annual renovation programs budget is increasing. Not discounted, the 1989 total budget will be the highest of the decade.

The record of social housing program delivery has not been good, particularly for YHC. This creates uncertainty for the industry, community groups and for people in *core housing need*.

The Yukon Government could help resolve social housing program delivery problems by ensuring YHC has the necessary resources, organizational plan and political direction to build new housing and assuming delivery of programs currently funded by CMHC unilaterally.

Table 20 The Impact of Housing Programs on CED: A Summary

Criteria	A	B	C	D	E	F	G	H	I	J	K	L	M	N
requires the use of Yukon harvested and manufactured building materials	O	●	O	O	O	O	O	O	O	O	O	O	O	O
requires the use of community harvested and manufactured building materials	O	●	O	O	O	O	O	O	O	O	O	O	O	O
requires the use of Yukon labour and professional services	●	●	●	●	●	●	●	●	●	●	●	●	●	●
requires the use of local community labour and professional services	O	●	O	O	O	O	O	O	O	O	O	O	O	O
uses funding source external to Yukon	●	●	●	●	●	●	●	O	●	●	●	●	O	O
community control of the process to identify housing needs	●	●	●	●	●	●	O	O	●	●	●	●	●	O
project sponsorship by a new or existing community group	●	●	●	●	●	O	O	O	O	●	●	O	O	O
community control of the project planning process	●	●	●	●	●	O	O	O	●	●	●	●	O	O
community control of project implementation	●	●	●	●	●	O	●	O	●	●	●	●	O	O
community control of ongoing project operations	●	●	●	●	●	O	O	O	●	●	●	●	●	O
tenant/owner control of the project planning process	●	●	●	●	●	●	●	O	●	●	●	●	●	●
tenant/owner control of project implementation	●	●	●	●	●	●	●	O	●	●	●	●	●	●
tenant/owner control of ongoing project operations	●	●	●	●	O	●	●	●	O	●	●	●	●	●
increases the supply of affordable housing	●	●	●	●	●	●	●	●	●	●	●	●	O	●
increases the supply of adequate housing	●	●	●	●	●	●	●	●	●	●	●	●	●	●
replaces imports through the use of alternate technology	O	O	O	O	O	O	O	O	O	O	O	O	●	O
Score out of 100%	76	76	64	60	60	42	40	33	29	67	44	38	31	27
	A	B	C	D	E	F	G	H	I	J	K	L	M	N
Legend	O No Impact (no points) ● Low Impact (1 point) ● Medium Impact (2 points) ● High Impact (3 points)													
A CMHC Co-op Housing	B DIAND Housing Subsidy	C YHC Private Non-Profit												
D CMHC On Reserve	E CMHC Urban Native	F CMHC Demonstration												
G CMHC RNH	H YHC Lease Purchase	I YHC Public Non-Profit												
J DIAND Renovation	K CMHC RRAP	L CMHC ERP												
M YTG SEAL	N YHC HII													

By improving the delivery of social housing programs, the Yukon government can strengthen and revitalize the Yukon housing industry, the economy and communities. The government can also reduce the incidence of *core housing need* which is the highest in Canada. The Yukon government has adopted *Yukon 2000* and stated that the *Yukon 2000* goals are the yardstick by which it will measure future policy initiatives. It is regrettable that the Yukon continues to miss out on the stream of CED benefits and opportunities social housing programs offer the territory.

Home renovations can also play a vital role in CED. There are several programs which can change the situation from one in which about half the homes in Yukon are in inadequate condition. The economic contribution of these programs, \$2.2m in 1989, is significant. Attaching conditions to all social housing programs regarding the use of harvested and made in Yukon building materials by recipients could contribute to import replacement and the development of the Yukon building products industry.

All the programs scored relatively low when their impact on CED was measured using the 16 criteria. The principal reasons for this is that the programs do not require the use of Yukon or community labour and materials or the use of alternative technology, like wood chip boilers, solar energy, or energy efficient design. Minor program improvements could dramatically increase the impact of these programs on CED. These improvements are discussed in Chapter Five.

5. Conclusions and New Policy Initiatives

The Yukon government adopted *Yukon 2000*, a CED strategy, as government policy in 1988. That policy is

the guide for future government decisions...When reviewing new policy or program proposals, the Yukon government and the Yukon people will have to continually ask whether they help us meet our goals (*Yukon 2000*, p. 3).

However, as discussed above, the government has not yet implemented housing policies to help achieve the *Yukon 2000* goals. The Yukon government has not integrated the housing industry into its *Yukon 2000* strategy.

There are a number of indicators of this housing policy vacuum. First, the government and YHC stopped work in progress in 1987 to develop a White Paper on social housing policy. This work has not been restarted or even re-scheduled. Second, YHC continues to develop and implement programs which have a low impact on CED. Third, YHC has not devolved program delivery at the community level. Fourth, YHC continues to give high priority to the Public Non-Profit Program. Of the social housing programs that can cause housing starts, this program has the lowest impact on CED. Fifth, the government has done nothing to stabilize the industry or to use it to diversify the economy.

Chapters 2, 3 and 4 discussed many of the ways the Yukon government and others can use the housing industry as part of the CED process in Yukon. The description and analysis of social and other housing programs also indicates that these programs can, because of program design and requirements, cause CED. Chapter 4 showed that while all programs have some impact on CED, certain programs have a much higher impact than others. This Chapter

presents alternative policies and programs that the Yukon government could apply to one industry, housing, to help it achieve its CED goals and objectives.

5.1. Impact of the Housing Industry on CED

Chapters 3 and 4 reviewed and analyzed the market and social housing sectors. The demand for new housing caused by the increase in the population is about 300 units each year. The poor condition and age of the existing stock will mean that about 35 new units per year will have to be built to replace existing units. In addition, demand for renovations will create more demand for labour and building materials. Building and renovating these units could create about 700 direct, indirect and induced jobs.

However, some of these jobs will not be in Yukon. Most building products are manufactured elsewhere and imported into Yukon. Some labour is also imported. As a result, constructing new homes and renovating existing ones in Yukon will create many jobs elsewhere.

As reported in Chapter 3, not all demand caused by the increase in the population will be effective in the marketplace. Some households do not have sufficient income to effectively express their housing needs in the housing market, either as renters or as owners. In 1989, about one third of Yukoners are in *core housing need*. Based on this percentage, about one third of new housing demand will come from households in core housing need. Non-profit sponsors, communities and governments can use social housing programs to meet much of the demand for suitable, adequate and affordable housing.

Spending on social housing could cause the construction of about 130 units each year for an indefinite period. This construction would create about 265 construction jobs years each year in Yukon. A commitment to build these units would provide some certainty that housing

conditions in Yukon will improve. It would also create certainty for an industry particularly vulnerable to the effects of economic uncertainty and the cyclical boom and bust Yukon economy. **The YHC-CMHC partnership could ensure that some minimum number of social housing units were built each year. They could provide this certainty to the industry even through periods of recession.**

A Yukon government commitment to social housing and a proactive, cooperative approach with the industry can facilitate diversification of the economy. It would also allow more community groups to become involved in the housing industry.

The boom and bust nature of the Yukon economy and the inconsistent delivery of social housing programs should make the industry wary of over-supply. Indeed, in a Whitehorse newspaper story on April 12, 1989, Dave Penner, President of the Yukon Home Builders' Association observed that "there may have been some overbuilding last summer and now builders who aren't seeing their houses sell quickly are holding back, particularly the ones who just got into the business last year (*Yukon News*, April 12, 1989 p. 8)."

Prudent investors and entrepreneurs are understandably hesitant to overbuild in such an uncertain market. Overbuilding or overproducing building products could cause financial ruin for the firms in the industry.

The building pattern in Yukon is one of intense activity and a high number of new starts for a year or two followed by several years in which the industry is almost dormant. For example, new housing starts in Whitehorse were down 60% in April, 1989 over April, 1988. This pattern reinforces the boom and bust economic cycle in Yukon and acts like a self-fulfilling prophecy. One result is undercapitalization in the industry, particularly in manufacturing, research and development.

Co-operation between the public and private sectors in the housing industry could greatly improve the industry's performance and its impact on CED. This co-operation could create a win-win environment in which the performance of the industry was more stable. This would mean more jobs and profits, less uncertainty, and a much greater impact on CED.

New housing construction does more than create new jobs and new business. It can revitalize communities and support both the informal and formal economies. Some social housing programs support existing community groups. Others cause the creation of new community-based organizations. This creates new leadership opportunities and opportunities for communities to control an important part of the built environment. It also provides a means to revitalize communities and to improve the housing stock, an important part of a community's amenity factor. This is important not only for the benefits that accrue to residents, but to businesses and workers deciding where to locate (or re-locate).

Some programs, like Urban Native, Lease Purchase, and Rural and Native, do not directly cause many new housing starts. Program modifications would increase the impact of these programs on CED. For example, the funding agency could require that some percentage of commitments in these programs be new housing starts.

The impact of all programs on CED could be improved by requiring that sponsors or applicants use some minimum percentage of Yukon and community materials and labour. As the government is contributing tax revenue to these programs, it could do what the taxpayers involved in *Yukon 2000* want: **that is to design and deliver programs which help meet the Yukon 2000 goals.**

There are no policies and programs in place designed to cause import substitution in the housing industry or to give more control over housing to communities and community groups. Employment, profits, training, and the future of the housing industry is as uncertain now as

during the recession in the early 1980's.

5.2. New Policy Initiatives for YTG

The most important thing the Yukon government could do to improve housing conditions and develop the economy is to start using the federal funding that is available for social housing. No amount of import substitution will likely generate as much new investment as the value of federal funding for social housing which leaks from the economy each year. As discussed in Chapter 3, the loss to the Yukon economy caused by lapsed units just in the 1986-88 period was about \$9.3M in capital spending. In addition to this loss, is about \$9m in federal subsidies (excluding and interest payments) over the 35 year life cycle of the projects. **The Yukon Government should direct YHC to maximize the benefits of the YHC-CMHC partnership and not let budgets for social housing lapse.**

YHC does not make it a practice to advertise its social housing programs and dedicates no staff to publicity and promotion activities. Though other YTG social service departments and agencies regularly advertise on radio and in newspapers, YHC does not. The programs YHC cost shares with CMHC all have their own program and project promotion budgets. However, YHC has only used these budgets to advertise and hold events which mark all too infrequent official openings.

Advertising and promotion can also increase the level of acceptance of social housing programs. By informing communities and community groups, YHC would also cause increased participation in housing programs. **YHC should adopt a corporate and program communications policy that includes a strategy to increase awareness of housing programs generally, and the Private Non-Profit Program specifically.**

YHC must devolve authority and responsibility to communities and community groups to

meet the goals and objectives of *Yukon 2000*. One way to do this is to promote and deliver the Private Non-Profit Housing Program, including the co-op option. YHC could assist and support project sponsors in tangible ways and could dedicate staff to the program. **YHC should adopt a policy to promote the Private Non-Profit Program and which dedicates at least half the annual allocation to that program.**

YHC funds several programs which permit options to buy existing housing, to construct housing or to purchase mobile homes. Each option creates more or less opportunities for CED but building has the greatest impact on the economy. **YHC should adopt a policy which dedicates some percentage of the units in each program to new construction and that the purchase of mobile homes be the option of last resort.**

The government and YHC need to create a consultative planning process. They need to identify ways to maximize the benefits of spending in the housing industry for the Yukon economy and the economy of each Yukon community. This process should involve business and labour, communities and government departments. **The Yukon Government should adopt a policy that all YTG departments involved in the housing industry hire local and buy local.**

Of the programs reviewed, the Cooperative Housing Program creates the most opportunities for CED. However, there are major problems with the current program which make its delivery, even in Whitehorse, problematic. Because CMHC considers co-ops funded with the new program 'market housing', CMHC will not deliver the program in areas it considers non-market. In Yukon, non-market is everywhere except Whitehorse. Also, there are enough problems with housing programs in Yukon without trying to explain the intricacies of indexed linked mortgages. Many people will have difficulty understanding how and why the co-op program needs another program, rent supplement, to make it work.

The Yukon Government should consider enriching the existing program, designing its own program or using the Private Non-Profit Program co-op option. Quebec, Ontario and Manitoba all developed their own co-op programs to meet local needs. Made in Yukon programs are necessary to meet local needs in Yukon. Yukoners should have low expectations that a new, national program, like the co-op program, designed to work in large urban centres, will work in Whitehorse. **YHC should adopt a policy to investigate program modifications and innovations whenever national programs can not meet housing needs in all Yukon communities.**

The Yukon government could cost share the Urban Native, Rural and Native and On Reserve Housing Programs. This would affect the industry and CED in four ways. First, it would increase the supply of affordable housing. Cost sharing on the same 75:25 ratio as for other programs means that the number of units increases from about 46 to 61 (However, the cost sharing ratio could be less). Second, it would make one agency responsible for all housing programs in Yukon creating more certainty for businesses, communities and sponsors. Communities would only have to make representations to and plan with one agency. Third, if the Yukon government controlled the specifications for all new social housing, it would have more control to achieve its import substitution objectives. Fourth, the government could better use the industry in its strategy to achieve the four *Yukon 2000* goals. **The Yukon Government should adopt a policy to cost share the Urban Native, Rural and Native and On Reserve Housing Programs with the Government of Canada and direct YHC to assume delivery of these programs.**

Program planners should be aware of the relative impact different social housing programs have on CED. Whether using the CED criteria in this thesis or some others, planners should undertake a social housing delivery programme as the government directed in the *Yukon 2000* final report. **YHC should adopt a policy to plan annual program delivery to meet both housing needs and Yukon 2000 (CED) objectives. The plan should also explicitly report**

on how well it helps meet the Yukon 2000 goals.

The government and YHC should let the housing industry and non-profit sponsors know of the funding YHC has to build about 200 social housing units over the next three years. **YHC should adopt a policy to work with the private and non-profit sectors to plan and build the annual unit allocation.**

There is a problem with data for the housing industry in Yukon. CMHC, Statistics Canada, the Yukon Bureau of Statistics, the City of Whitehorse and YTG Protective Services all record data. However, no agency publishes it in a form that is useful for private, non-profit or public sector planning. **The Yukon Government should adopt a policy directing the Yukon Bureau of Statistics as responsible for collecting and publishing reports on the Yukon housing industry.** Representatives of the Bureau should meet with representatives from YHC, CMHC, Statistics Canada, Indian Bands, YTG Protective Services, the City of Whitehorse, and Health and Welfare Canada at the earliest possible time to coordinate this important activity.

Building about 130 new units each year will have a major impact on planning and installing new subdivisions. **YHC should adopt a policy to work with communities and YTG Lands Branch both to insure that sufficient building lots are available and that social housing is integrated into new subdivisions.**

The federal government will dispose of its aging, redundant staff housing portfolio in the future. **The Yukon Government should adopt a policy to negotiate with the federal government to mitigate the negative impact the disposal of the aging and redundant federal staff housing stock will have on the Yukon housing industry.**

The Yukon government and the *Yukon 2000* process have identified import substitution and support for local firms as priorities. YHC and other agencies involved in the industry

could work with the private sector to implement an import substitution strategy. **YHC should adopt a policy to lead the initiative to identify and develop opportunities for import substitution.** Import substitution program options for YTG are listed below.

- *sponsorship of a reverse trade show for the industry*
- *application of a surcharge to all the residential building lots YTG sells. This could be up to 100% refundable provided the builder used some percentage of Yukon harvested and manufactured building materials*
- *sponsorship of a design competition for homes designed in and for Yukon and using a high percentage of Yukon harvested and manufactured materials*
- *sponsorship of research to identify opportunities for developing Yukon harvested and manufactured construction products*
- *sponsorship of a hire local, buy Yukon campaign*
- *working with the industry to develop industry promotion programs like the use of industry dollars (like Canadian Tire dollars)*
- *entering multi-year contracts for the supply of Yukon harvested and manufactured building materials and products*
- *providing direction to all departments and YHC to hire local, buy Yukon*

- *working with the industry, particularly Tagish Kwan, to develop a product to compete with the mobile homes that are imported into Yukon*

YHC could establish linkages with other groups to identify ways to strengthen the housing industry. The other groups could be Indian bands, Native non-profit groups, Canadian Home Builders Association and the Yukon Contractors Association. **YHC should adopt a policy to work with others in the industry and establish an industry working group to identify ways to strengthen and develop the Yukon housing industry.**

There are opportunities for research in the housing industry. These include import substitution, energy efficient house design, the use of alternative technology and materials, and training modules for small communities. **YHC should adopt a policy to allocate 1% of its capital budget to research and development and that this work occur in Yukon.**

Yukon government departments and agencies create problems when they introduce new or select existing technology that displaces Yukon labour and materials. It is recognized that suppliers will always introduce new technology into the industry. However, government agencies should always consider the impact of their projects on Yukon labour and materials. **The Yukon Government should adopt a policy that requires all Yukon government agencies planning projects in the housing industry for which there are alternate technologies to study and report on the impact on Yukon labour and materials in the project planning phase.**

Some government housing industry projects cause very little economic activity in the community in which the projects occur. Typically, projects in the smaller communities result in the government importing labour and materials. **The Yukon Government should adopt a policy which requires respondents to its tenders to report the local community labour and materials they will use in the work.**

The Yukon government has adopted northern preference and local hire policies but has no way of knowing if departments are following these policies. **The Yukon Government should adopt a policy that its departments and agencies record and report on the following at the end of each fiscal year:**

- a) the total value of contracts awarded**
- b) the community in which each project occurred**
- c) the value of work awarded to firms in each community by project**
- d) the value of materials purchased from suppliers in each community by project**

Expenditures in the housing industry in all communities will continue indefinitely. While some labour and materials and labour will always be imported into Yukon and into the smaller communities, YHC should make every effort to increase training and employment for local labour and the use of local materials. **YHC should adopt a policy on the use of local materials and labour and work with Yukon College, bands, city councils and others to identify ways to achieve these targets.**

To undertake new initiatives in the housing industry, YHC will require staff and other resources. However, in June, 1989, permanent staff filled only two of five management positions. Compounding staffing problems caused by the Yukon's location are minimal career and training opportunities with YHC. There is no corporate training plan in place and the last promotion of staff within the corporation occurred in 1981. **YHC should adopt a staffing policy which includes provisions for timely responses to staff vacancies and a corporate training plan.**

5.3. Conclusions

Successive Yukon governments neglected the housing industry. This neglect has

contributed to the high incidence of *core housing need*, the failing Whitehorse rental market, the undercapitalization of firms in the industry and the industry's limited diversification. Though the current government has adopted *Yukon 2000*, a CED strategy, as its policy, it has not applied this policy to the housing industry.

The housing industry is the same as most others in Yukon. It experiences wide swings in activity because of the boom and bust nature of the narrowly based export economy. Government involvement in the industry can create some certainty and stability in the industry for business, communities and individual consumers. A diversified economy is stronger, more resilient and better able to offer employment and business opportunities. This in turn creates new wealth and reduces both unemployment and social problems.

Housing conditions in Yukon are the worst in the country. These conditions create problems for the one third of Yukoners who are in *core housing need*. These conditions also create barriers to economic development. By developing the industry, the Yukon government will be better able to meet housing needs. **By developing the industry and creating new wealth, employment and business opportunities the government would also be reducing the level of future *core housing need*.**

Housing is an important part of a community, part of its social and economic infrastructure. The poor condition of this infrastructure impedes CED. There are other barriers to CED in Yukon about which the government can do little. The government can however, do much about improving housing conditions and increasing the CED benefits of the housing industry. The government has a commitment to CED as expressed in *Yukon 2000* and because of its partnership with the federal government, ample resources to use the housing industry to help achieve it.

The CED opportunities in every region are limited. They are particularly limited in Yukon

because it is isolated and the economy is based upon the export of a few non-renewable natural resources. The housing industry can create opportunities for CED which the Yukon government should not miss.

There are strong signals that the private market is failing. There is a sharp decline in new starts with only one apartment building (10 units) constructed since 1981. Other residential starts are up sharply, the economy is strong, there is a low vacancy rate, the population is increasing, and there are many households in *core housing need*. This lack of response by the private rental market, particularly in the smaller communities, raises serious questions about the future of the private rental market in Yukon.

5.4. Implications for Planning Practice

CED is something relatively new to the planning profession and new in Canada. It is especially difficult to implement something new when the economy is strong. However, the economic changes in regions and communities caused by the globalization of capital, free trade and environmental disasters/concerns, may create more opportunities for CED. Planners will have to become more skilled in ways to work with communities to identify CED goals and objectives and ways to achieve them.

The housing industry has characteristics which make it different from other industries. While governments and communities try and attract new businesses to their areas, a small minority in Yukon oppose government meeting *core housing need*. Planners need to be aware of the dynamics of the housing industry when planning and promoting social housing.

There are several areas in the country with characteristics which may make them at least appear similar in some respects to Yukon. The NWT and the northern and interior of B.C., Alberta, Manitoba, Ontario and Quebec are examples. Planners in these areas should identify

ways to increase the use of local resources and external funding sources to meet community economic development goals and objectives.

There are obstacles to CED, found perhaps with greater frequency than opportunities for it. There are political, bureaucratic and community barriers to implementing a CED strategy. In Canada, where the marketplace and grand political design (like Northeast coal and the Montreal Olympics) drive the economy and planning, CED planners face formidable, though not impossible, odds. Planners will need to reduce these obstacles and create a win-win situation for communities, businesses, workers and interest groups.

The housing industry has a strong economic multiplier effect because of its important economic linkages. The industry also causes great leakages for economies like Yukon which have a very narrow base. Governments have the means to stop some leakages and to use a strategy of import replacement to diversify the economy. Planners have a role to play to help communities structure and implement import replacement strategies.

There are problems with the private rental market across the country. There is a shortage of new supply and the existing stock is getting smaller in numbers due to conversions to condominiums and demolitions. Increasingly, social housing will be the only way many households can secure affordable, adequate and suitable shelter. Planners will have to identify the ways and means of meeting housing needs and integrating social housing into new and existing communities.

Different social housing programs work more or less well in different communities and neighbourhoods. Planners need to be aware of program options. When existing programs are not suitable or able to meet needs, planners will have to design new programs to meet housing and community needs.

The government's role in the housing industry, the importance of the industry to the economy, and the importance of housing to communities, all combine to create CED opportunities. If housing needs, available government funding, consultant and other reports, and a government committed to CED were combined, how could CED fail in Yukon?

Appendix 1.

Summary of New Policy Initiatives

1. The Yukon Government should direct YHC to maximize the benefits of the YHC-CMHC partnership and not let budgets for social housing lapse.
2. YHC should adopt a corporate and program communications policy that includes a strategy to increase awareness of housing programs generally, and the Private Non-Profit Program specifically.
3. YHC should adopt a policy to promote the Private Non-Profit Program and which dedicates at least half the annual allocation to that program.
4. YHC should adopt a policy which dedicates some percentage of the units in each program to new construction and that the purchase of mobile homes be the option of last resort.
5. The Yukon Government should adopt a policy that all YTG departments involved in the housing industry hire local and buy local.
6. YHC should adopt a policy to investigate program modifications and innovations whenever national programs can not meet housing needs in all Yukon communities.
7. The Yukon Government should adopt a policy to cost share the Urban Native, Rural and Native and On Reserve Housing Programs with the Government of Canada and direct YHC to assume delivery of these programs.
8. YHC should adopt a policy to plan annual program delivery to meet both housing needs

and Yukon 2000 (CED) objectives. The plan should also explicitly report on how well it helps meet the *Yukon 2000* goals.

9. YHC should adopt a policy to work with the private and non-profit sectors to plan and build the annual unit allocation.
10. The Yukon Government should adopt a policy directing the Yukon Bureau of Statistics as responsible for collecting and publishing reports on the Yukon housing industry.
11. YHC should adopt a policy to work with communities and YTG Lands Branch both to insure that sufficient building lots are available and that social housing is integrated into new subdivisions.
12. The Yukon Government should adopt a policy to negotiate with the federal government to mitigate the negative impact the disposal of the aging and redundant federal staff housing stock will have on the Yukon housing industry.
13. YHC should adopt a policy to lead the initiative to identify and develop opportunities for import substitution.
14. YHC should adopt a policy to work with others in the industry and establish an industry working group to identify ways to strengthen and develop the Yukon housing industry.
15. YHC should adopt a policy to allocate 1% of its capital budget to research and development and that this work occur in Yukon.
16. The Yukon Government should adopt a policy that requires all Yukon government agencies planning projects in the housing industry for which there are alternate technologies to

study and report on the impact on Yukon labour and materials in the project planning phase.

17. The Yukon Government should adopt a policy which requires respondents to its tenders to report the local community labour and materials they will use in the work.

18. The Yukon Government should adopt a policy that its departments and agencies record and report on the following at the end of each fiscal year:

- a) the total value of contracts awarded
- b) the community in which each project occurred
- c) the value of work awarded to firms in each community by project
- d) the value of materials purchased from suppliers in each community by project

19. YHC should adopt a policy on the use of local materials and labour and work with Yukon College, bands, city councils and others to identify ways to achieve these targets.

20. YHC should adopt a staffing policy which includes provisions for timely responses to staff vacancies and a corporate training plan.

6. Notes

1. Community meetings and a public consultation process culminated in the release of the *Yukon Economic Strategy Report Yukon 2000: Building the Future* in 1988 by the Yukon Territorial Government. In this thesis, the strategy and the report are both referred to as *Yukon 2000*.
2. See the 1986 "*Yukon Housing Needs Study*." Since that study, the income thresholds used to define *core housing need* have substantially increased as discussed in Chapter 3. The effect of this major change is households with housing problems previously excluded by the definition of *core housing need* are now captured in it. While the study has not been updated to reflect the new income criteria, one estimate is that increase in households in *core housing need* is to about 33%, up from 29% as reported in the "*Yukon Housing Needs Study*."
3. See the *Global Agreement on Social Housing* reached between the federal government, the provinces and the territories in 1986 for this definition. At least 90% of new social housing units in each jurisdiction must be targeted to households in *core housing need*. CMHC developed this criteria in response to federal government direction to target social housing programs to people in greatest need.
4. City of Whitehorse Building Activity Reports, 1980 - 1988
5. Section 25(1) of the United Nations Declaration of Human Rights is "Everyone has the right to a standard of living adequate for the health and well-being of himself and his family, including food, clothing, **housing** medical care and necessary social services." (emphasis added)
6. See McAfee, Ann, in "*Is Government Home Ownership Assistance the Way to Go*," Proceedings from a Symposium held in Calgary, September 18-20, 1980, Canada Council on Social Development, Ottawa, 1081, pp.157-161.

7. See CMHC, *Housing Policy in Canada Lecture Series: Number 1*. "Programs in Search of a Corporation: The Origins of the Canadian Housing Policy 1917-1946." A lecture delivered at the Centre for Human Settlements by George Anderson, November 5, 1987. CMHC, 1987.
8. See the *Yukon Economic Strategy*, page 3.
9. See the Yukon Business Incentive Policy (POLICY 3/20). The latest revision available is 87/07/23.
10. CMHC, *Housing Statistics*, Table B-21 (14/04/89). Figure 1 shows gross loan commitments for 1968 through 1987. Gross loan commitments refers to the number of loans which were approved. Net loan commitments refers to the loans which were actually made. The number for 1988 is net commitments, projects that were constructed in that year. Data was not available which showed new starts for all Yukon by unit type after 1985.
11. See Canada Mortgage and Housing Corporation, Canadian Housing Statistics, an annual report published since 1955.
12. See CMHC, *Housing Statistics*, January, 1989. CMHC BC/Yukon Regional Office
13. Examples of this are the CMHC *Canadian Housing Statistics* and the CMHC *Annual Reports* on social housing starts. These reports record gross commitments and never correct to show net commitments. This means that housing starts and social housing units are overstated as some NHA insured loans are never made because the housing unit(s) are never built. Similarly, not all social housing commitments are actually built. This is particularly problematic in Yukon because the number of new units in any one year is small.
14. This point is reported in the literature on informal Native economies in Canada. For a discussion, see Weaver, Clyde and Alain M. Cunningham, "Social Impact Assessment in Native Communities," Berkeley Planning Journal, Vol. 2, Nos. 1 and 2, 1985, D. McArthur, *Structure*

and Change in the Yukon Economy, a report prepared for Yukon 2000, 1987, or Hugh Brody, Maps and Dreams, 1981.

15. See J. Lotz, "Community Development: A Short history," in the Journal of Community Development, May/June 1987

16. See the *Yukon Statistical Review*, Third Quarter 1988.

17. For an analysis of the Yukon economy, see the Yukon 2000 background reports and Stabler, Jack, C., "Interindustry Relations in a Frontier Economy," in The Canadian Journal of Regional Science, VII:1 (1984) pp. 115-123. In 1988, Yukon Government Leader Anthony Penikett described the Yukon economy as "...weak, narrow, colonial...". See the *Yukon Economic Strategy*, p. iii

18. Kemp, L., "Is There a Difference Between Community Economic Development and Local Economic Development? A Review of "Initiatives for Community Economic Development" Conference, SPARC News, V:1 Fall 1988

19. Hainsworth, G.B., "Local Resource Management, for Livelihood Security and Livelihood Enhancement," Introductory remarks to Plan 503, February, 1989.

20. CMHC, *Summary Report. The Changing Housing Industry in Canada, 1946-2001*, NHA 6120 02/89, 1988. p.49. The full multi-volume report is not yet in print.

21. See Davis, H.C. "Buy Local Program: Import Substitution at the Regional Level", in Plan Canada 1989 (forthcoming)

22. See Jack Stabler, "Interindustry Relations in a Frontier Economy," in The Canadian Journal of Regional Science, VII:1 (1984) pp. 115-123 for a discussion on federal government transfers as an export.

23. Yukon Department of Economic Development: Mines and Small Business, *"Yukon Economic Review and Outlook 1987 - 1988,"* YTG, May, 1988

24. Whitehorse based Northerm Industries is Yukon's only manufacturer of vinyl windows. It received government support to get established. It has had modest success competing in southern markets.

25. The Federal Government holds title to approximately 95% of the land in Yukon. In the past 30 years, only the federal, territorial and band governments developed subdivisions. These three governments account for approximately half of new home construction since 1985.

26. The federal government owns and manages approximately 520 units. The Yukon government owns and manages approximately 459 housing units. The Kwanlin Dun Band owns and manages approximately 110 units. The largest private owner is an employer, United Keno Hills Mine which owns and manages approximately 100 units for its employees in Elsa. The second largest private sector owner is a group of lawyers which owns and manages 90 units in Whitehorse.

27. Interview with the (Yukon) Director of Lands, Department of Indian Affairs and Northern Development February 21, 1989

28. YTG and the City of Whitehorse experimented with private sector subdivision development in 1989. There was one country residential development, Pine Ridge Estates, with 40 2.5 acre (approximate) lots, within the City limits. However, neither YTG or the City have development guidelines and regulations in place.

There is a history of small private subdivisions of parcels into residential lots. These do not represent major subdivision development according to YTG Lands Branch.

29. Yukon Executive Council Office, Bureau of Statistics, *Information Sheet #8-88.09.*

30. See The Yukon Government Bureau of Statistics, "*Yukon Statistical Review, Fourth Quarter, 1988*," page 45 and *Information Sheet No. 2-87.12*. The June, 1986 census reported 7,975 total occupied private dwellings. Since then, approximately 165 new market sector ownership units, 220 non-market social housing units (170 delivered by CMHC and 50 by YHC) and 10 non-market staff units were constructed. There is no accurate record of demolitions and other losses to the stock which are assumed at 10 units. The 1988 total occupied dwellings is approximately 8,350 units.

31. YTG Bureau of Statistics

32. Interview with CMHC BC/Yukon Region staff. There were 19 On Reserve starts (all Kwanlin Dun Band) and seven YHC starts (four on Bamboo Crescent, one on Redwood and two on Green Crescent). The YHC units were all 1987 commitments.

33. Interview with CMHC Whitehorse staff. Get second source.

34. YHC did make commitments to CMHC for about 40 new units. However, problems with the projects prevented any construction of these units in 1988. There is some possibility that the commitments for 2 units may be salvaged. Only the Rent Supplement Program commitments are secure at this time.

35. Interview in April, 1989 with a representative of the real estate sector.

36. *Yukon Economic Review: Fourth Quarter 1988*, page 53

37. Interview with CMHC BC/Yukon Region staff.

38. Telephone interview with Dave Penner, President of the Yukon Canadian Home Builders' Association.

39. There is no record of total starts in Yukon so exact percentages are unknown. However, total on reserve starts exceed all other starts combined in communities outside Whitehorse.

40. Canada Mortgage and Housing Corporation, Whitehorse Office 1986 Year-End Review, Canada Mortgage and Housing Corporation, Whitehorse, Yukon, 1987. p. 1
41. Canadian Building, June 1988, pg. 31. This includes the units for all the program targeted to aboriginal people. These units are divided up across the country on the basis of per capita Aboriginal people per jurisdiction. The balance, somewhere around 16,000, are divided up based upon the Regina Accord. The Accord does guarantee a number of units, only that the number available will be split according to a formula.
42. The CMHC social housing budget excludes the new (1986) co-operative housing program because CMHC considers it a market housing program. It relies on a mortgage instrument for economic viability. For a description of the program see the program guidelines.
43. National Housing Act (NHA) Section 6 Mortgage Insurance is outside the scope of this paper. It does not impact on CED. CMHC claims that all areas in Yukon are eligible for mortgage insurance. At the national level, CMHC is negotiating with the twelve junior jurisdictions on cost sharing losses to the Mortgage Insurance Fund(MIF) in one industry towns. However, for the purposes of this paper, it is assumed that NHA Section 6 is not a constraint on CED.
44. YHC delivered the Demonstration Program in 1986 only.
45. Telephone interview with CMHC Whitehorse Branch staff 5.4.89
46. Source forthcoming from CMHC Whitehorse Office
47. Telephone interview with CMHC BC Yukon Region official 7.4.89
48. Two CMHC officials reported on 12.6.89 that the CMHC may ask its Whitehorse office to deliver 90 units in 1989. CMHC originally planned to deliver 35 units. While this would increase the housing stock, band planning processes may not be able to accommodate this 257% increase. The 1987 interim *Yukon 2000* report on housing specifically opposed this kind

of program delivery. The report recommended that program planners deliver an even number of units each year, rather than the kind of delivery CMHC and DIAND are considering for the 1989 On Reserve Program. This report was qualified by the Regional Director for the Indian and Inuit Program in Yukon on 19.6.89. He said that the total DIAND housing subsidies in 1989/90 would be about 270 unit, triple the number for the previous fiscal year.

49. Interview with CMHC BC/Yukon Region Office staff

50. What is more likely, is that YHC will offer to cost share some or all of the programs CMHC currently funds unilaterally. The effect of cost sharing is to increase the number of units.

51. For the purposes of this paper, all budgets will be expressed in estimated number of units.

52. This exclude the Non-Profit On Reserve Program, (34 new units in 1988) which are funded separately and renovation programs.

53. This information is contained in a CMHC report *Background to the Determination of the Financial Caps*, January 23, 1989. In 1987, four regions returned surpluses to CMHC National Offices which totalled \$39.7M. Of this, \$18.2M was reallocated, leaving an unallocated surplus of \$21.5M. The total allocation for Yukon was approximately \$23.4 in 1988.

54. Interview with CHMC Whitehorse Branch staff February 21, 1989

55. See Yukon Housing Corporation, *The Future Mandate of the Yukon Housing Corporation*, YHC, 1986 or D. Hulchanski, *A History of the Yukon Housing Corporation*, (unpublished) for a review of the turbulent history of YHC.

56. Hedmann, David. "Interview with Yukon's Housing Minister," Canadian Housing, forthcoming.

57. See Yukon Housing Corporation, "*The Future Mandate of the Yukon Housing Corporation*," a 1986 report prepared by Bairstow and Associates for a brief history of YHC.
58. Each year, YHC and CMHC agree on the cost shared budget for Yukon. This agreement guarantees the availability of federal funds should YHC marshal the resources to deliver them.
59. The average capital cost in the 1988 Yukon social housing costing model was \$112,300.
60. YHC has the option of borrowing additional funds on a separate mortgage or paying cash for all costs which exceed the maximum unit price.
61. The other operating expenses were estimated in the 1988 social housing costing model at \$4,148 per unit. So the loss is 83 units x \$4,148 x 35 years = \$12,049,940. This operating loss is cost shared 75:25. The federal funds lost are .75 x \$9,037,455.
62. In 1987 and 1988, the YHC Construction and Maintenance Department was responsible for negotiating the maximum unit price (MUP) with CMHC. The Construction and Maintenance Department insisted it and non-profit sponsors could at or below the applicable MUP. However, YHC records tell a different story. Of the 47 units YHC constructed in 1986, 1987 and 1988, only 2 units cost less than the applicable MUP.
63. Reported by CMHC officials at a Joint Planning and Monitoring Committee meeting in Whitehorse in 1987.
64. See J.D. Hulchanski (1983) "Private Rent Supplement Programs: The Canadian and American Experience," paper presented to the Vancouver City Planning Commission, October 1985, D. Hedmann, Whitehorse Star, March 22, 1989 and D. Hedmann, *A Review of Cost Effective and Appropriate Program Choice*, (unpublished) March 1989.
65. This is from a YHC draft cabinet submission, undated, 1984.
66. Interview with former YHC staff 4.89

67. Information on C&TS expenditures was obtained in interviews with branch directors in April 1989.

68. YHC could spend up to \$6.3M on new construction, \$1M on renovation programs, \$0.5M on new staff housing and \$2.5M improving its existing portfolio for a total of \$10.3M. Numbers are approximate.

69. See *Speech from the Throne*, Sixth Session, Twenty-sixth Legislative Assembly, Yukon Government, January 10, 1989.

70. In addition to the 234 NHA Section 56.1 units managed by bands are the approximately 700 homes built prior to the non-profit program and/or using only the DIAND housing subsidy.

71. Interview with Tagish Kwan staff, April, 1989

72. Telephone interview with YHC staff 6.4.89. The claim included expenses for capital improvements which were planned and undertaken without any involvement by the City.

73.. YTG, Statistical Review, Fourth Quarter 1988, Table 4-7, page 45. This table reports all rental units in buildings with four or more rental units.

74. See YTG, Assessment of Import Substitution Opportunities page GET SOURCE

75. Get source from industry representative, bank and FBDB.

76. The YTG Bureau of Statistics reports in their Economic Review that "due to administrative changes to the Yukon Health Care records, April 1984 to May 1985 population figures are not available."

77. CMHC Planning Division, "Housing and the Economy", January, 1985, pg.14. The findings of that report are that about 2.04 person years are created in building and infrastructure

installation for each new dwelling start. \$110,000 was also the average cost of CMHC delivered social housing units in 1988.

78. Yukon Housing Corporation, *Yukon Housing Needs Study*, YHC, 1986

79. Approximately 35% of Yukon households live in rural and special access communities. Housing conditions in these areas are documented in the *Housing Needs Study*. Approximately 68% , 3,750 households, in these areas have incomes below the applicable CNIT.

80. See *Construction and Housing Strategy: A Progress Report*, April, 1987 and *Yukon Economic Strategy*, 1988.

81. The 1986 *Yukon Housing Needs Study* reported that approximately 30% of the 8233 household in Yukon were in *core housing need*. This works out to 2470 households. Application of a more realistic methodology for determining income thresholds and application to the population increases the number in core need to about 33%. This is about 2700 households in 1988.

82. See CMHC, *Cost Effective and Appropriate Program Choice: A Planning Framework*, CMHC, 1988 and D. Hedmann, *A Review of Cost Effective and Appropriate Program Choice*, 1989 (unpublished)

83. Telephone interview

84. Each year, CMHC and the active party in the Global Agreement come to terms on maximum unit prices for each planning area and each kind of unit by number of bedrooms. The schedule of maximum unit prices is signed by the senior official for CMHC and the active party. Prior to 1986, the maximum unit price or MUP was the primary way CMHC controlled project costs and ensured that social housing was modest. Since signing of the Global Agreements, CMHC established another cost control mechanism.

85. The 1986 census reported the age of units to 1986. The units constructed since the census were not added to the census total units. The age of the 1986 stock shown in this thesis is as of 1990.

86. YTG Bureau of Statistics

87. Interview with YTG Department of Finance official and the *Yukon Economic Review and Outlook 1987 -1988*, page 51

88. Interview with YTG Department of Finance official and the *Yukon Economic Review and Outlook 1987 -1988*, page 51

89. The land set aside in Yukon is considered as Reserves by CMHC.

90. 1986 Census Table 94-122

91. See the *Yukon Housing Needs Study*.

92. Co-operative Housing Federation of Canada, 275 Bank Street, Ottawa, Ontario, K2P 2L6. There are six double-sided fact sheets.

93. Telephone interview May, 1989

94. CMHC. "Housing and the Economy," Planning Division, CMHC, January, 1985 pg. 14

95. The Regional Director for the Indian and Inuit Program for the Yukon Region reports there were 270 housing subsidies in the 1986-88 period. During that same period, these subsidies were used to build 143 units with the On Reserve Housing Program. The Regional Director also reported a dramatic increase in housing subsidies in fiscal year 1989/90. Subsidies will be about \$11m up from \$3.45m in the previous fiscal year. Telephone interview 19.6.89

96. Bands use loans guaranteed by the DIAND Minister, not mortgages, to finance On Reserve Housing Program units.

97. Interview with Department of Public Works, Architecture and Engineering, Whitehorse office staff. This office approves all house plans and completes all inspections on houses built with this program. Formerly, this office was the DIAND Engineering and Architecture section. It was recently reorganized into the Department of Public Works.

98. There are three options in this program; rental, lease to purchase and ownership. In this thesis, this program is treated as a rental non-profit program.

99. Entre Nous Femmes Housing Society started organizing in 1985. It completed its first housing project, the 46 unit Alma Blackwell building in 1986. Subsequent to that success, the 18 unit Beatrice Terrace Building and the 21 unit Antkiw Building were completed in 1988 and 1989 respectively.

100. Interview with Entre Nous Femme Housing Society representatives and CMHC BC/Yukon Regional Office 04.89. See also the program guidelines especially the guidelines regarding incorporation.

101. Telephone interview with CMHC Whitehorse Branch staff 10.4.89

102. CMHC Whitehorse Branch Office Staff

103. The maximum subsidy for this program is calculated based upon a mortgage interest rate write down to 2% based upon the total cost of the project. The other non-profit programs contribute a subsidy equal to the difference between approved operating expenses and rental revenue.

104. It possible that bands could finance 100% of the cost of a project and have rental revenue exceed total expenses. However, all projects in Yukon used the DIAND subsidy.

105. See for example Commissioner's Order 1976/237, a Housing Corporation Ordinance, stating the role of the Dawson City Housing Association
106. Rees, W. E. and J. D. Hulchanski, "Housing as Community Development," work in progress, 1989
107. See CMHC Annual Reports for 1980, 1981, and 1982
108. The City of Whitehorse has been the RRAP delivery agent since about 1984. However, the city has never delivered the program. It sub-contracts delivery to YHC.
109. As defined in the Yukon Human Rights Act.
110. Interview with SEAL Program staff
111. Interview with SEAL Program staff 31.5.89
112. Interview with SEAL Program staff

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