

Opening Comments for NHC's Appearance Before the Standing Senate Committee on Aboriginal Peoples – March 23, 2016

Thank you for the invitation to discuss northern housing issues with you today. I am encouraged with what seems to be a growing focus on housing across the country.

It is no secret that Nunavut is facing a severe housing crisis, marked most significantly by a severe housing shortage, and rates of overcrowding unparalleled to anywhere else in the country. Today I wish to speak to you more about how we can move beyond these staggering statistics, and what can or should be done to ensure Inuit in Nunavut have access to the same housing opportunities and options as other Canadians.

To begin with an overview of Nunavut's ongoing challenges as they relate to the financing of construction, operations, and maintenance of housing in Nunavut. Everything costs more in the North, and housing is no exception.

To put this in perspective, between 1999 and 2009, the average housing expenditures by the Government of Nunavut were 13.3% of the territory's revenue. This is an aggregate over 13 times greater than the aggregate for all provinces and territories at 0.7% - 1.2%

Construction costs in Nunavut are extremely high in comparison to Southern Canada. On average, construction in Nunavut costs three times more than in the Greater Toronto Area. While in Nunavut, costs do vary by community, the average cost of a new public housing unit is between \$400,000 and \$550,000.

The NHC has taken steps in recent years to reduce costs, including changes in contracting methods, and building multi-plexes, however, considering all the associated costs such as shipping, land development and labour, housing construction is, and will continue to be more costly than in the South.

Similarly, the cost of operating and maintaining public housing units is also very high in comparison to Southern Canada. The yearly operating cost of one public housing unit is approximately \$26,000, the majority of which can be attributed to utility costs, water and electricity.

The underlying challenge is that there is very little opportunity for the Government of Nunavut to recover its costs. Rental revenues from public

housing tenants in Nunavut are limited by the territory's lack of economic opportunities for individuals. In 2014-15 74.7% of public tenants made less than \$23,000 annually. Because all public housing rent is geared to income, the vast majority of tenants pay the minimum rent of only \$60/month.

Addressing Nunavut's housing crisis is not something that the Government of Nunavut can tackle alone. We will continue to require support from the Federal government for both new units as well as greater support to address our increasing operational costs.

By now you are likely all aware of the declining Social Housing Agreement funds. The impact of this decline is already being felt by the Government of Nunavut, as it has had to steadily increase its funding for operating public housing units. As of this fiscal year, SHA funding has already declined by \$10.576 million.

The impact of declining SHA funding is amplified by the two-fold pressure on already limited Government of Nunavut budgets. Not only does the Government of Nunavut have to compensate for the diminishing SHA funding, but as the housing stock grows through new construction, the overall costs of maintaining this stock increases. Currently, the Government of Nunavut's contribution to social housing alone makes up 9% of its total O&M Budget of \$1.5 billion, but as we begin to address the 3,000 unit gap through new construction, we predict the costs of maintaining public housing units will grow up to 16% of the GN's total budget.

With regards to new construction, there are two ways in which capital funding flows to Nunavut. The first is through the 2014 to 2019 Investment in Affordable Housing Agreement, which requires a 100% cost match from the Government of Nunavut and will have provided a total of \$7.33 million, or \$1.465 million per annum in federal funding to address Nunavut's need for new social construction.

While the partnership and longevity of the agreement are beneficial, its actual level of commitment is population based by jurisdiction. While this type of calculation may work well in a southern context, it is not suitable for the realities of Nunavut. Because of its inadequate size, the true impact of the Investment in Affordable Housing funding is limited. Unless combined with other Government of Nunavut sponsored capital funding, this investment cannot realistically be

used to construct new units to address the growing gap. To a certain extent, the Investment in Affordable Housing comes to represent token funding from the federal government, used to top up existing Government of Nunavut capital funding for new construction.

The second way in which capital funding flows to Nunavut from the federal government is through large one-time capital funding injections. Examples of this include the Nunavut Housing Trust, Canadian Economic Action Plan, and most recently, in 2013, the \$100 Million Economic Action Plan funding.

These types of capital injections are welcome, because they demonstrate a better reflection of the degree of investment required to address Nunavut housing crisis. However, the unpredictable nature of these investments presents significant challenges.

For example, sporadic investments seriously hinder the ability of the NHC, the Government of Nunavut and municipalities to plan ahead to implement better land use policies and plan for community infrastructure needs in relation to community priorities. Unpredictable funding also limits the ability for the Government of Nunavut to accomplish additional economic outcomes through initiatives that require longer horizons, such as apprenticeship and training. Lack of predictability limits planning, not just for the GN, but for Municipalities and other stakeholders in community infrastructure. This also creates a feast or famine environment for local contractors and impedes a sustainable approach to economic development at the community level.

However, the impact of such sporadic investment is short lived, it cannot address long term effects such as population growth. In 2004, the NHC collaborated with NTI to develop the 10 Year Inuit Housing Action plan, which called for the construction of 3000 units for crisis relief to address overcrowding. In 2016, more than 10 years later and after more than \$500 million dollars invested in new construction, we are back to where we started. We are calling still today for a new 3000 units to close the housing gap between Nunavut and the rest of Canada, in addition to what is needed to keep pace with population growth.

Consistent, predictable and adequate funding for new housing along with increased support for operational costs, would allow Nunavut to develop at a much more meaningful pace to truly maximize the return on investment for the

Federal government. Funding with long term planning horizons would support the development of neighbourhoods aimed at enhancing community wellness.

Longer planning horizons would also allow the NHC to take advantage of new technologies in housing construction and maintenance. The local workforce capacity is very limited in many communities across the territory. This means that using and installing the latest technologies in our housing units is impractical, as in many cases, there is no one in the community with the knowledge and expertise to maintain or fix these new technologies. With longer planning horizons, there is more opportunity to develop tradespeople who have the skills necessary to deal with the latest technological advances in housing.

Too often pressure from the South to maximize energy efficiency or improve delivery methods to reduce construction costs, are proposed for the sake of political expediency and are not based on any standard of research adequate for Northern realities. The NHC's new housing designs all have very high energy efficiency ratings. The NHC will work with other partners on addressing energy consumption among tenants, but considering the climate and the level of overcrowding, consumption is relatively low. Once the NHC has addressed its housing needs, only then can we dedicate the time needed to carry out effective energy efficiency research.

Limitations to developing diverse housing options is what prevents Nunavut from having a full housing continuum. A housing continuum can be described as a line with two extremes: at one end, an owner-occupied home; at the other end, homelessness, and somewhere in between, supportive housing for those unable to live independently.

Longer term funding commitments could assist in developing a more robust housing continuum not only by supporting the training for the maintenance workers needed to support diverse housing, but also by allowing longer planning horizons so that the Government of Nunavut can better determine the true needs of Nunavummiut, and have the flexibility to meet these needs with whatever types of housing are most suitable.

As you know, there are several arguments for increased federal involvement, including, as was argued in the 2004 Inuit housing Action Plan, a fiduciary duty to support housing of Canada's northernmost Aboriginal people.

I will stress again that a long-term funding strategy with the federal government

to address Nunavut's housing crisis is what is most needed. We came together with Inuit organizations to ask for this in 2004.

Having said this, I don't want you to think that the Government of Nunavut has sat idly by waiting for a housing solution to come from the federal government. The GN has and continues to invest significant capital funds for housing construction in Nunavut, and has now made its commitments more long-term. The NHC has also been leading a three-part initiative for the Government of Nunavut to develop a holistic and comprehensive approach to address the territory's housing crisis. We are currently in the process of completing the final phase of this initiative, which seeks to reduce the costs of housing, increase the supply of housing, and determine more definitively the housing needs of Nunavummiut. The success of the initiative, however, will be greatly impacted by the level of commitment the federal government is willing to make.

Thank you for giving me an opportunity

to speak to you today about the housing crisis facing Inuit in Nunavut. I am now open to any questions you may have.