

# Comprehensive Review and Assessment of Housing Issues in Yukon

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***FINAL REPORT***

***Presented to Yukon Housing Corporation***

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## **EXECUTIVE SUMMARY**

The purpose of this research report is to provide relevant and current information to assist decision makers and stakeholders in the housing market. The intent is to help readers understand the nature and causes of housing issues. It does not set out policy prescriptions on how these issues should be addressed.

The analysis combined two approaches. The first involved collection and analysis of a wide range of data on key factors that influence housing: demographics, employment, and migration as well as key housing indicators such as rents, prices and volume and type of supply. Also, consultations were conducted with local people familiar with the housing system and issues across 10 rural communities and in Whitehorse.

This report adopts the broader concept of a “housing system” rather than talking about “housing markets”. This is because there are constraints to a functioning market in the smaller Yukon communities: few buyers, lack of access to financing, large proportion of subsidized housing owned by different levels of government (territorial, First Nation, federal). The “housing system” term also reinforces the interdependency between different activities and actors.

### **Overview of housing situation in the Yukon**

The Yukon is a resource-based economy highly susceptible to the vagaries of global commodity markets and prices. The opening and closing or expansion/contraction of mining activities has significant impacts on population trends and housing requirements and prices/rents. The opening of currently projected mines could potentially add housing requirements beyond those developed in the baseline zero migration scenarios discussed later.

Mainly because of in-migration rather than natural population growth, the Yukon’s population has increased by 13.5% since 2006 (5,000 people). This population growth created requirements for an additional 2,000 dwellings – some 335 per year. This might be absorbed in the existing stock where there are sufficient vacancies, but most likely required building new housing. Most of the growth has been centred in Whitehorse; rural communities other than Carmacks, Mayo, Pelly Crossing, and Teslin have had more moderate growth.

Demographic factor such as the aging of the population has also had an effect on housing demand, especially the increase in the number of young First Nations individuals reaching adulthood and forming households. Empty nester couples and seniors are also increasing. As a result, there is a mismatch between housing form and housing type: the vast majority of housing units are single detached homes which are not necessarily the preferred housing form for the three growing demographic groups.

### *Housing trends and issues in Whitehorse*

Whitehorse accounts for an increasing proportion of the Yukon's population, 76% in 2012. The increasing population has resulted in two consequences: tightening in rental vacancy rates, accompanied by rising rents and a very large increase in home prices.

Vacancies fell from over 10% in 2001 to 4% by 2004; they soon fell below the generally accepted 3% norm for a healthy rental market and have remained well below this threshold since 2008. However, most rental units are in the "informal" sector in buildings with fewer than three rental units. Based on 2006 Census data and the YBS rental survey, only 900 of the 2,200 private rental units are in "purpose built" structures of more than three units.

Rents have also increased steadily since 2005 and are now at record levels. However, there is a mismatch between rent levels and family incomes. There are too few units at both low and high rent level, but a surplus of units in the middle ranges.

Despite the high vacancy rates and increasing rents, there have been very few rental starts (a total of 69 private and 123 social since 2006). These represent only 13% of all starts and this compares to the fact that one-third of households are renters. The lack of new rental construction is not unique to the Yukon; it is a trend that is mirrored in cities all across the country, Rent levels in most places are simply too low to cover development costs.

House prices have also been increasing considerably, the price of single detached houses almost doubled since 2006. However, the market has responded to increasing house prices by shifting the focus of new construction from single detached houses to condominium apartments and townhouses, which are considerably cheaper. It should be noted that increased land prices have contributed considerably to the overall price increase. The land cost as a percentage of Single Detached House prices increased from below 25% in 2002 to almost 40% in 2012.

While the market has responded to demands from middle and higher income consumers, lower income households lack effective demand. The market will not respond when what they can afford is below cost. The data shows that most households are able to manage to obtain housing at market prices. However, a small proportion experience difficulties because there are more lower income households seeking housing in Whitehorse than there are low rent dwellings. So many low-income households occupy dwellings they cannot afford.

The relative size of the social housing stock Whitehorse (5%) is similar to that in other Canadian cities. However, there are 2.5 households in core need for every social housing unit, so simply mirroring the national average is not an indicator that the current level is sufficient.

Affordable housing is a broad concept. Traditionally, CMHC used a maximum threshold of 30% of income spent on shelter. Therefore, affordability depends on income.

### *Rental development economics*

Historically, developers built apartment structures specifically for rental, which were then often sold to institutional investors. For the last two decades, very few developers have been active in creating purpose built rental properties. Instead they, more often than not, build structures with units for sale. However, in many larger cities, one-fifth to one-quarter of new condominiums are purchased by small investors who then rent them out and this is becoming an important new source of rental housing, albeit not at low rents. With the growth of condominium products in Whitehorse, it is most likely also occurring here, but there is yet no data to confirm this.

Building rental properties is not an attractive investment for developers. There are more risks associated with rental, ongoing property management obligations, and the tax treatment is far less attractive than it was in the 1970s and 1980s. The case for private development of affordable rental and even moderate to high rents is non-existent. The report displays a *pro forma* analysis that shows that at best, the rate of return on luxury high-rent apartments is an anaemic 3.2% rising to 5.5% in the fifth year.

### *Housing trends and issues in rural communities*

In every community interviewees highlighted a shortage of housing. This is especially acute in the summer when seasonal employment increases requirements for accommodations. The key constraints in the communities outside of Whitehorse relate to land supply, access to financing, lack of rental housing, and, for some, labour.

The lack of housing options is a deterrent to local economic development. While not necessarily major employment drivers, small local business such as restaurants and stores face challenges attracting employees, and in the aggregate, the requirements of these small businesses can be significant.

As noted in the Yukon overview, there is a noticeable mismatch between demographics and existing dwelling types. Single person households are especially noticeable in Carcross, Dawson, Mayo, and Teslin.

Although informal rentals appear to exist across many communities, there is a perception that private market rental options are limited. It was noted that this also affects requirements for social housing

This research did not investigate land supply issues in any depth because these have been examined in detail by a separate study by Community Services, Land Division (at time of writing this research was not yet available). However, constraints on land supply were noted in community consultations, especially in Dawson City, Carmacks, Mayo, and Watson Lake.

In many communities, First Nations citizens represent a significant share of the population and many do not live on land set aside or settlement land. Thus, they add to general housing requirements. While First Nations have some funding to repair and build

homes, this is insufficient to keep up with their requirements. While it might be argued that First Nations are a Federal responsibility, they have a large impact on the local housing system.

While not prevalent in all communities, some did note a lack of contractors and skilled trades. With limited contractor availability the obvious consequence is higher construction costs.

YHC has for many years offered a variety of lending programs (some also including subsidy where borrowers are lower income). The review determined that while Whitehorse is well served by banks and lenders, there is a significant challenge in obtaining financing in the rural communities. Yet they currently receive a disproportionately low share of YHC direct lending assistance, which limits capacity for self build and renovation. It also contributes to the key issue of non-functional, or dysfunctional markets – even when consumers want to buy existing homes or build new ones, without access to financing they are not able to buy and prices become distorted.

### *Dysfunctional markets*

One of the major problems in rural communities that creates and exacerbates other housing issues the lack of well functioning markets. The main causes of this are the relatively large amount of subsidized government-owned housing (First Nation, Yukon Housing and federal) and the lack of readily available financing.

A number of indicators can be used to determine how well the market functions. These include:

- The relative number and amount of real estate transactions
- The relative amount of private vs. government-owned housing
- The private investment in housing (new construction and renovation)

Based on these indicators, a ranking of communities can be established based on how well the housing market functions. Based on this analysis, it is concluded that among the rural communities Haines Junction and Dawson City come closest to having a functioning market. While Watson Lake has a large population, it does not appear to rank as high, in part because it has a large amount of government-owned housing (which influence prices and rents and thereby undermine market dynamics).

The current approach to providing staff housing as a recruitment mechanism appears to be a lightning rod for discontent. Direct provision at low rents removed potential consumers from the market and has the unintended effect of reinforcing distortions that preclude a functioning housing market. Moreover, low rents generate insufficient rental revenue to maintain the staff dwellings in sound repair and preclude sound asset management.

### *Projecting future housing requirements*

Much of the analysis in this report has focused on review of recent data and trends, together with a discussion of current issues and related backlog in housing need. To help understand future requirements, and policy implications thereof, the work has included development of projections of future housing requirements, focusing on the next decade (2013-2022).

In developing the projections, two different approaches are used. The first, which is applied both to Whitehorse and across the rural communities, uses an assumption of zero migration. This is used to manage the challenge of projecting migration in small populations and also to assess housing requirements based solely on natural growth in each community. The second approach, used only for Whitehorse, incorporates estimates of migration, drawing on recent migration trends, which have been positive and significant since 2002. In both cases, this involved first developing population projections and subsequently converting these into housing requirements based on historic headship rates.

Based solely on natural growth, housing requirements in the rural communities over the next 5 years are positive but modest. The requirements in the other communities is consistent with the volume of starts in recent years, with Dawson City, Haines Junction and Mayo having the largest need for new housing resulting from natural population growth, while need will be minimal in Carcross, Faro and Watson Lake. In the subsequent 5 years (2018-22), Carmacks and Ross River are projected to have the greatest need for new housing.

In the case of Whitehorse, natural growth alone suggests requirements of roughly 130 new units per year over the next 5 years, but this drops off to only 30 per year after 2017. However, Whitehorse is the main magnet for new migration and once migration estimates are added we see substantially higher growth and thus housing requirements. Based on Yukon Bureau of Statistics population growth projections that use the past 10 years' migration patterns, new housing requirements are expected to remain around 300 per year through 2020, then decline gradually, and stabilize after 2020 to between 260 and 270 units from 2020 to 2027.

Comparing these projections to those generated separately (and earlier) by CMHC and the Dept. of Economic Development respectively, the estimates developed in the current report are higher than those produced by either CMHC or the Dept. of Economic Development.

The immediate housing requirements closely approximate the level of housing starts in 2012, but exceed the average level since 2006. While the release of land in Whistle Bend is expected to add to land supply and this will be augmented by intensification and redevelopment on downtown sites in the condominium sector, it will be important to closely monitor land supply to ensure that this does not re-emerge as a constraint.

### *Gaps in the continuum*

The analysis has examined the recent performance of the housing system in both Whitehorse and the communities. Generally the housing system in the Yukon is functioning reasonably well. The exceptions are however in relation to demand from First Nations, and constraints on access to financing as well as funding to add sufficient new supply; and in the provision of rental housing. The volume of new rental development is very low. While affordability issues can be addressed via rental assistance/allowances, in the long run lack of rental supply will contribute to rent inflation and worsening affordability issues. In addition, constraints on access to financing, coupled in some locales with lack of building sites is an issue in rural communities and contributes to an incomplete housing system.

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## **Introduction**

Yukon Housing Corporation commissioned this report in order to develop a better understanding of the current situation, key issues, and potential future housing challenges that exist across Yukon communities. The purpose is to provide relevant and current information to assist decision makers and stakeholders in the housing market.

### **Approach**

The analysis combined two approaches. The first involved collection and analysis of a wide range of data on key factors that influence housing: demographics, employment, and migration as well as key housing indicators such as rents, prices volume of supply etc. While data help to reveal issues and particularly trends, the way that data are interpreted and used can add important insight. Accordingly, consultations were conducted across 10 communities outside of Whitehorse, as well as in Whitehorse. This involved interviews both by phone and in many cases in person with local people familiar with the housing system and issues, such as local YHC housing managers, municipal officials, First Nations housing managers, and other stakeholders.

This report summarizes the state of the housing system in each community and identifies the issues and challenges highlighted during community consultations.

For each community a profile of key data was assembled, drawing on a range of data sources, including the 2006 and 2011 Census information (many housing elements from 2011 Census have not yet been released) and various Yukon government administrative data files (assessment data, building permits and YHC data). This covers trends in population growth, housing stock and activity, levels of investment in new construction and renovation, recent home sales and the relative size and influence of social, YTG staff and First Nations housing.

The profiles also include projected housing requirements, based solely on demographic natural growth. Migration can add a very significant influence to housing requirements but is not used in the base projections because it is highly uncertain and volatile and can lead to misleading projections. This is especially the case in the small communities where population can and has varied significantly over time. Instead of embedding migration into projections, the discussion of potential migration (in or out) due to expansion or contraction is included in the narrative.

Some communities are expected to experience significant change in the scale of exploration and mining operations (mainly in Carmacks and Mayo, and potentially in Dawson City, Faro and Ross River), which may have large impacts on housing demand. But again, impacts are uncertain. Many mine operations are physically distant and operating companies tend to use a commuter labour force, flying workers in and out. While some may seek to settle locally, the larger impact is more likely to be from expansion in related servicing industries (fuel supply, catering, etc.) These issues and impacts are discussed further in the community review below.

### *Concept of a housing system*

While it is typical in housing analysis to speak of “housing markets” and related market trends and dynamics, in this report we adopt the broader concept of a “housing system”. In part, this is because in many smaller Yukon communities there are constraints to a functioning market. Either there are few buyers or people are simply unwilling to pay the asking price due to fear that they will be unable to recover this value in future sale; or options are so limited that when properties are made available for sale, they are quickly purchased at seemingly high values. The lack of an open and competitive market distorts prices on both extremes, high and low. In addition, non-market and usually subsidized housing owned by different levels of government (territorial, First Nation, federal) comprise a large part of the stock in many of the communities.

Typically, the prices people are willing to pay are usually lower than the cost to build housing, such that newly constructed homes immediately have negative equity. Private lenders are reluctant to provide financing in such communities, exacerbating the housing supply situation.

The concept of a system is a useful construct because it encompasses such non-functioning markets. This term also reinforces the interdependency between different activities and actions. For example, when households are able to purchase a home relatively easily, they move from renting to owning and this transition creates vacancies in the rental sector. Conversely where access to ownership is constrained—for example by high prices, high interest rates or lending restrictions (an issue in many small communities and on First Nations settlement lands)—demand and pressure remains in the rental sector, potentially causing very low vacancy rates and upward pressure on existing rents.

### *Structure of the report*

The report first provides a general overview of key influences on housing in the Yukon. It then examines trends and issues in Whitehorse, which as the largest and dominant community has a very different set of considerations compared to the much smaller rural communities. The data and issues identified in consultations are then discussed for the rural communities. Detailed statistical profiles for each community are provided in Appendix A.

Having examined current issues and trends, we then turn to the future and provide projections for potential future housing requirements in both Whitehorse and the rural communities.

The report concludes with some observations on the implications of identified trends.

## **Overview of housing situation in the Yukon**

The most important influences on the housing system are the number of people (or more precisely, households) seeking housing together with their willingness or ability to pay. Thus, when employment opportunities expand this attracts migrants and housing demand similarly increases; and when employment declines the inverse results.

The Yukon is a resource based economy and as such is highly susceptible to the vagaries of global commodity markets and prices. As experienced in the Yukon historically, and especially in the 1990's, the opening and closing or expansion/contraction of mining activities has a critical impact on employment and thus population trends. These in turn affect housing requirements and prices/rents. This is not just from direct mine employment – much of which is removed from communities and typically includes flying workers in and out on rotation and providing mine camp accommodations. The larger effect is from employment in the service economy that serves this labour force.

### **Recent employment trends and prospects**

In recent years, the Yukon has experienced strong employment trends, including growth in the labour force and rising wage levels. The employment situation was considerably healthier than that for Canada as a whole – in 2011 the unemployment rate in the Yukon (5.4%) was 2% lower than the national average. While employment has since softened (total employed down by 5% in Yukon in past year) and this gap has narrowed, at 6.6% in January 2013, Yukon remains below the national average of 7.0%.

The average weekly earnings in late 2012 were 2% higher than a year earlier and have also been consistently above the national average (at \$969 vs. \$912 for national average in November 2012). Coupled with low mortgage rates, strong wage gains and higher incomes allow consumers to bid more for homes and tend to push prices higher (explaining the steady increase in home prices in Whitehorse).

While high profile, the mining industry directly employs only a small fraction of the employees – in January 2013 accounting for 14.8% of employment; meanwhile the service sector involves the majority (85.2%) and many work in the public sector (38% of all employment).

In 2012 the mining sector employed almost 1,000 miners as well as an additional 1,700 exploration and service workers (MIHRC 2012). Strong commodity prices on international markets are a key influence on these employment levels, which historically have been cyclical, but are currently at a relatively high level. A positive outlook for commodity demand suggests potential for further employment growth over the next decade. There is however, some concern that there is sufficient labour to fill such positions and the Yukon will compete against other regions to extract skilled mine workers. The Mining Industry Resource Council projects that by 2023 labour requirements could expand by up to 150% of current levels, although labour supply (availability may place a brake on this potential). This does suggest potential for positive net migration to be an important factor and to create additional housing demand. The

critical question is how related employment and settlement will be distributed around the Yukon.

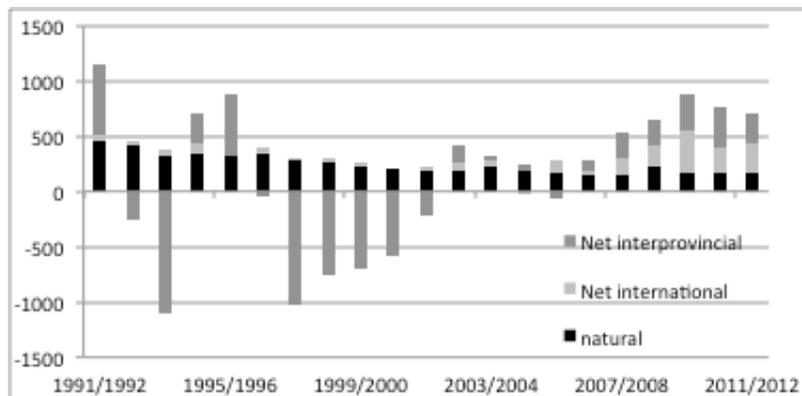
The Conference Board (Summer 2012 Outlook) expects continued expansion of mining activity, including new mining operations in three locations – the Selwyn-Chihong Selwyn project, Copper North’s Carmacks mine and Victoria Gold’s Eagle Project. This could potentially create expansion in employment in Ross River and Watson Lake, Carmacks and Mayo, together with some potentially migration and housing demand. The Conference Board also highlights potential growth in the transportation, warehousing and information sectors, which will also influence growth in Whitehorse and potentially Watson Lake – an important transportation corridor.

These factors could potentially add housing requirements beyond those developed in the baseline zero migration scenarios discussed later.

### **Population and migration**

The recent trends have seen the Yukon population of a steady upward trend, with the total Territory’s population growing by 13.5% since 2006, an increase of 5,000 people. With an average household size of 2.4 persons per household, such population growth creates requirements for an additional 2,000 dwellings – some 335 per year. Where vacancies exist, such demand can be absorbed in the existing stock, but in many cases, new housing is required.

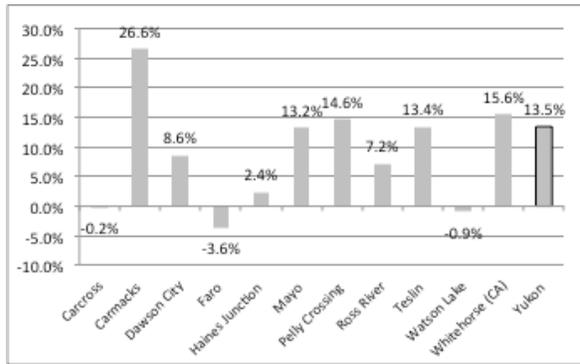
The primary cause of this growth has been migration, both international and from other parts of Canada. Workers have been attracted by employment opportunities related to the resource economy and related service industries. Natural growth, which simply adds children to existing families, does not necessarily require new housing (although larger homes may be needed). As shown below, natural growth has become a much small component of population growth. It is especially notable that while migration and thus population has fluctuated over time and was largely negative in the 1990’s, the more recent decade has seen consistent and significant in-migration. This has important consequences for housing need and requirements.



**Figure 1: Components of Population Growth**

Much of this population increase has been centered on Whitehorse and its immediate environs. Based on Census data, since 2001 the Whitehorse agglomeration’s share of the Yukon’s population has increased from 72% to 76%.<sup>1</sup>

Even when migration relates to resource exploration and extraction, it is the related service sectors, many based out of Whitehorse, that tend to enjoy the largest employment impacts.



That said, other communities have also been impacted and while the absolute change in population involves much small numbers, the relative change in some communities is significant, especially given constraints in local housing systems. This is especially notable in Carmacks, Mayo, Pelly Crossing, and Teslin, some of the smaller communities.

Figure 2: Population Change 2006-12

The three larger communities after Whitehorse—Dawson City, Watson Lake, and Haines Junction—have had more moderate levels of population increase.

### Age and housing demand

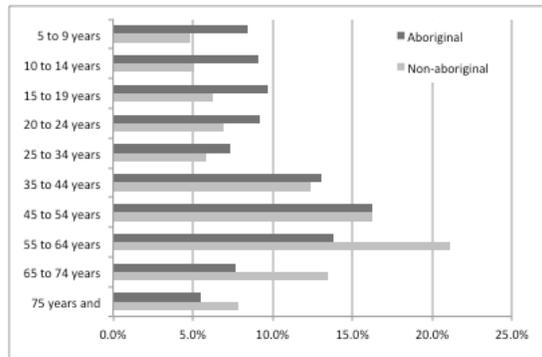


Figure 3: Aboriginal Age Distribution

The increase (or decrease) in population is not the only thing driving housing demand. While the number of births will only start affecting housing demand in the longer term, a large number of people in their late teens and early 20s results in increased household formation as young people leave the family home. This is particularly important in aboriginal communities, resulting in serious housing shortages for First Nations people in rural communities, especially as housing construction by First Nations governments has failed to keep pace with the growth of the number of young people reaching adulthood.

### Dwelling form and household type

One feature that stands out is the potential mismatch in dwelling form and household type. Perhaps reflecting the small community preference and nature of tradition housing supply, the vast majority of homes in all communities are single detached homes (and

<sup>1</sup> Using Health Care population data and including Marsh Lake’s population, Whitehorse’s share went from 74.6% in 2001 to 77.6% in 2012.

mobiles). Other forms such as semi-detached and small apartments are much less frequent. Typical of a larger more mature and higher cost market, Whitehorse does have a larger mix of multi unit dwelling types. Mobile homes are very prominent in Carmacks. However, the population is dominated by a large proportion of either single persons or couples with no children. This reflects both young unattached workers as well as an aging population of empty nesters. Single person households are especially noticeable in Carcross, Dawson, Mayo and Teslin.

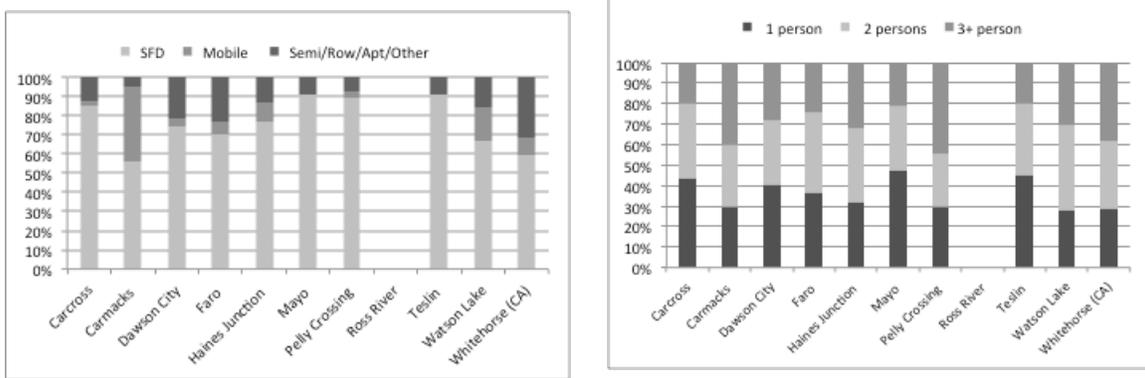


Figure 4: Types of Dwellings, compared to distribution of household size 2011

## Housing trends and issues in Whitehorse

As a major regional centre and territorial capital, Whitehorse punches far above its weight compared to similar sized small cities (i.e. under 50,000). A strong labour market, a relatively high median income and, recently high levels of migration, contribute to an active housing market.

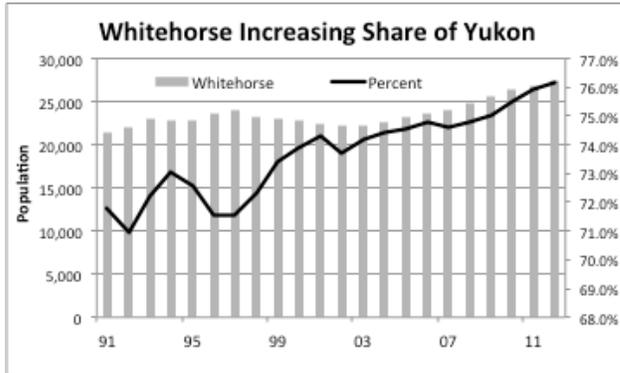


Figure 5: Population Trends

Whitehorse is by far the largest centre in the territory and increasingly so. Since 2006 the population has expanded by 2.6% annually, which is larger than the overall Yukon average (2.2%). As a share of total territorial population Whitehorse has increased from 72% in 1991 to 76% of total population by 2012.

While much of the migration to and from the Yukon is related to the mining and exploration sector, this has a substantial impact on Whitehorse, where most service industries are located.

The strong and persistent population growth (net migration has been consistently positive for 7 years) has translated into housing demand and has generated two noticeable consequences: substantial tightening in rental vacancy rates, accompanied by rising rents and a steady and very large increase in home prices.

### Rental issues

The rental system tends to be the first line of defence in face of migration. Rental options involve much lower transaction costs and ease of moving, compared to purchasing for those that are able. As a result of net out migration in the latter part of the 1990's carrying into the new millennium, rental vacancies were soft, but gradually declined as migration trends turned around.

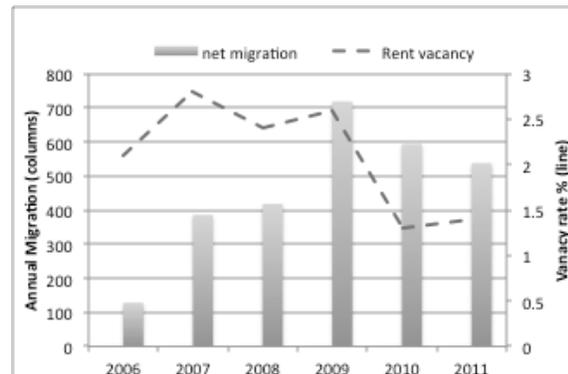


Figure 6: Vacancies influenced by migration

Vacancies fell quite quickly, from over 10% in 2001 to 4% by 2004; thereafter as migration continued they soon fell below the widely accepted norm of 3% and have remained well below this threshold since 2008.

While its origins are elusive, the 3% threshold is widely accepted as an indicator of a healthy balanced market: there are enough vacancies to create choice and avoid

dramatically inflating rental pressure. However, as discussed later rates below 3% alone are not sufficient to induce a market response in the form of new rental construction.

While there have been some private rental starts in Whitehorse, these have been minimal. Since 2006, when CMHC inaugurated their Northern Housing Annual Report, rental starts in Whitehorse have totalled only 69 units, (these are private sector starts; in addition YHC added 123 in social and seniors housing)).<sup>2</sup> To place this in context, total including social was 192, representing 13% of all starts; meanwhile almost one-third (32%) of households are renters, so this is level of formal rental construction is disproportionately low.



Figure 7: Median Rents and Vacancies, by Quarter

Since 2006, a strong economy and the migration that this attracted have resulted in absorption of most of the vacant rental units. As vacancies continued to decline the natural result is a rise in rents. After bumping up marginally in late 2005 rents commenced to increase steadily after 2007 to present. By the end of 2012 the median rent (in the purpose built stock of 3+ units) was \$850, over 20% higher than in 2007. It should be noted that there was a change in the universe of the rental survey. Before 2012, the YBS only included buildings with 4 or more units. Since 2012, the rental survey includes all buildings with 3 or more apartments. This change added about 20% more units to the survey universe.

Renters tend to be more prevalent in Whitehorse and most of private stock is located here. Private rental units in structures of 3 or more units total just over 1,000 apartments, while social housing represent another 500, but there is also a significant informal stock including apartments in homes, entire homes and, more recently, rented condominiums. Total rental stock in the City of Whitehorse (Census 2006) was about 2,700 units, indicating that the informal stock (implicitly 1,300) is larger than the purpose built private multi-unit stock (the 888 units in buildings of 4 or more apartments measured by the YBS quarterly rental survey in 2006).

Based on the purpose built surveyed rental stock (fewer than 900 units) historical vacancies have been high, suggesting weak rental demand. Although declining after a 2000 peak, until 2006 vacancies still remained well above the 3% level that considered a balanced market. In the face of soft demand, there was little pressure on rents and they remained flat over the first 5 years of the millennium. Vacancies have remained below the healthy threshold of 3% since 2007, and have been well below 2% throughout the last three years.

<sup>2</sup> Although YHC added social/seniors housing, these were not included in the CMHC count. Also, those initially used for Canada Games accommodations and subsequently converted were not formally new starts, but are included here (they were not new starts when converted from Games to social use).

Looking more broadly at the full rental stock, including apartments in homes, rented condominium units and semi and detached homes used for rentals, the census data provide a full picture of the rent distribution.

This is somewhat dated (2006), as 2011 census data on rents and incomes is not yet released. However, using census data that shows both the income range of renters and the rent they pay it is possible to compare the available rent units (existing stock available) against the theoretical number of rental units required if everyone paid 30% of income for rent.

What we see is an intriguing mismatch. On the one hand, there are fewer units than required at the lower rent levels. This is not surprising, However, the shortfall is not huge – roughly 200 under \$500. Meanwhile there is a surplus in the mid ranges and a theoretical shortage at the higher rent level. This simply reflects the fact that lower income renters that need units below \$500 are living in the \$500-800 range and spending well over 30%; and many higher income households that could afford more are enjoying relatively cheap rents (and possibly saving for down-payments to buy later).<sup>3</sup>

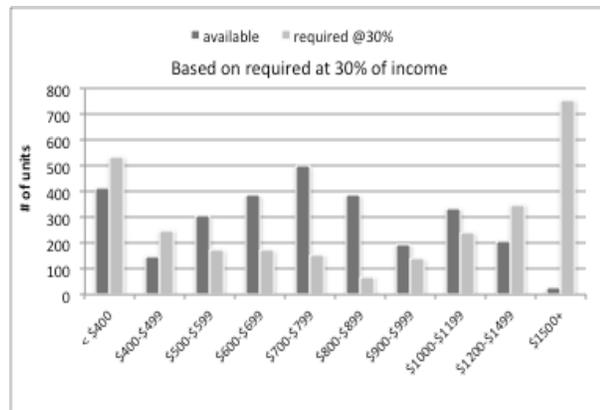


Figure 8: Whitehorse Rental Stock Mismatch (2006)

Despite low vacancies, rising rents (in the surveyed part of the stock) and a large number of medium to higher income renters, there has been no meaningful market response. Only 69 new apartment units have been constructed for the private market since 2006. Social and seniors units built (or rehabilitated) by YHC have added 123 units.

This lack of new rental construction is not unique to the Yukon; it is a trend that is mirrored in cities all across the country. Rent levels are simply too low to cover development costs. Rentals are being constructed in some cities, but mainly at luxury rents, well above affordable or average market levels. The weak feasibility of rental is examined later.

### *Rising home prices*

The second notable consequence of population growth and housing demand appears to be a dramatic increase in the price of homes in Whitehorse. This issue is emphasized in the YBS Real estate quarterly, which prominently displays a graph with home prices over the past 6 years and adds a comparison to general inflation. The YBS real estate quarterly

<sup>3</sup> On the one hand, the low number of low rent units to meet needs of lower income households could be identified as a gap in the continuum; however there does not appear to be an absolute shortage, this is primarily an affordability issue. Rental assistance could relieve affordability without necessarily adding new supply.

report 1Q, 2012 stated “The average house price in Whitehorse increased \$199,300, or 91.3%, from the first quarter of 2006 (\$218,300) to the first quarter of 2012 (\$417,600). Inflation over the same time period was 12.4%.”

This official publication has contributed to a widespread belief that prices have spiralled and are unaffordable. There is no question that prices have risen. However, it is debatable whether they are any less affordable in 2012 than they were in 2006. This is because a range of important factors underpin this increase: especially strong income gains; reduced income tax rates, leaving more disposable income in pockets of consumers; declining interest rates; and until 2012 much more favourable lending terms with amortization extended to 40 years between 2006-2008.

In combination, these factors increased consumers’ ability to buy and acted to drive prices up. This occurred across Canada – the increase was not unique to the Yukon. The only Whitehorse deviation from the broader trend is continued increase after 2009, attributable in part to compounding effect of migration as well as some pressures from land constraints in Whitehorse. In effect, a perfect storm of positive factors all coincided over the 2006-2012 period to cause substantial increases in house prices.

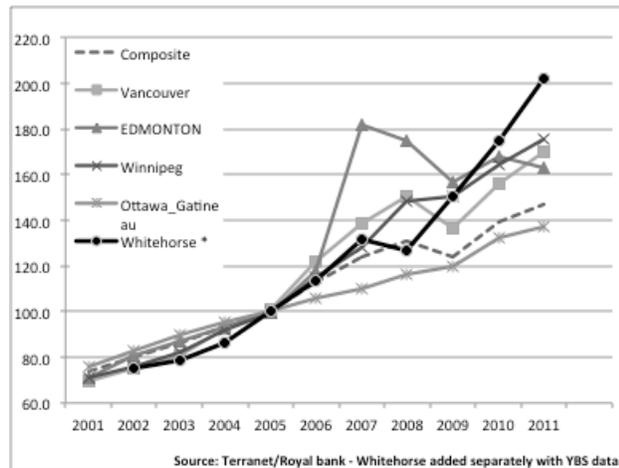


Figure 9: Comparative Home Price Increase

### Market response to demand

In an effective active market, triggers such as new demand, rising prices and limited supply typically translate into a market response. As discussed later in the smaller communities, there is often a lack of response, suggesting that these are not functioning markets. In Whitehorse, however, the market is more responsive. This is evidenced primarily though investment as reflected in new housing starts, as well as by investment in renovation and upgrading of existing homes.

On average, roughly 240 new homes have been constructed per year since 2006 (123 of the total since 2006 have been for social housing, including seniors). It is important to note that more recent years have significantly exceeded this average volume, with starts over 300 in 2011.

Annual home sales have averaged 430 sold per year since 2006.<sup>4</sup> Based on building permit data, new residential construction and renovation activity in Whitehorse between

<sup>4</sup> Yukon Bureau of Statistics, *Annual Statistical Review, 2011 and Real Estate Survey*

2006 and 2011 has totalled almost \$254 million including \$60 million in the Whitehorse periphery.<sup>5</sup>

The other notable response is in terms of housing type. These have shifted quite dramatically such that single detached homes, which traditionally dominated the market have accounted for fewer than half of starts since 2010. It is not so much that detached homes have fallen to lower levels, in fact, 2011 saw a peak year for the type of dwelling; it is a result of more condominiums.

The overall increase in starts is attributable to a high volume of multi-family units, which includes both row and apartment condominium. Row units are the predominant form, accounting for over 60% of condo starts in 2011-12. This shows the industry is responding with an entry-level product targeting couples and potential families.

This shift from predominantly singles to a greater blend of building types creates a better range of options and also helps to bring down the average price. While some higher priced condominiums have appeared on the market these are not the norm. Most tend to be targeted to mid-range prices and as such help to pull down the overall average compared to the average single detached price. Once prices of condo and semi-detached units types are included, the average price drops by over \$125,000 (compared to the detached home average).

**Land Issues**

While the rise in home prices is attributable mainly to the effects of the “perfect storm” factors noted earlier, constraints on land release and more importantly the significant increase in lot costs have no doubt also contributed to rising home costs, particularly for detached homes. Data used in the following charts reflect sales only through to the 3<sup>rd</sup> quarter 2012, and exclude

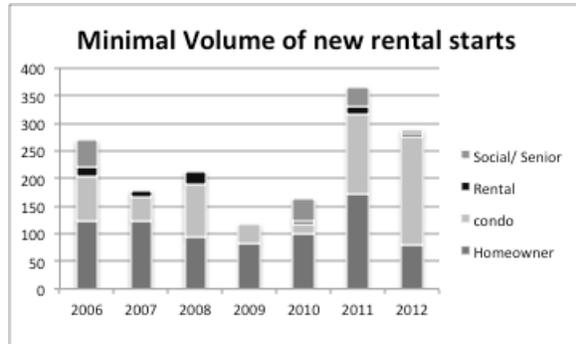


Figure 11: Minimal Volume of New Rental Starts

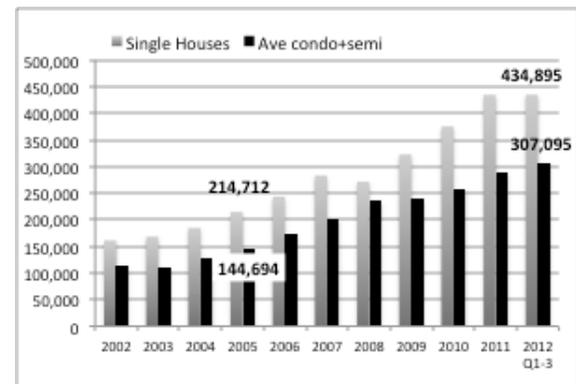


Figure 10: Whitehorse Average Home Prices, by Type

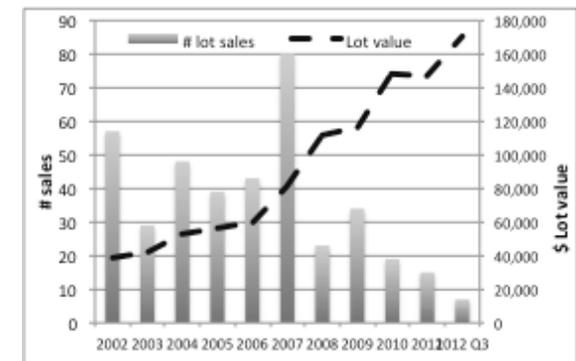


Figure 12: Land Sales, Whitehorse Single Lots

<sup>5</sup> Calculated from Yukon Bureau of Statistics, *Annual Statistical Review*, 2011 and special data request to H&PW.

the land release and purchases in Whistle Bend.

Over the decade, existing serviced lots have been largely absorbed, and with few new options, lot values have increased. It should be noted that this is also influenced by rising value of homes. At higher values for the end product, builders can afford to bid more for land, so it is not just a cost factor; the rise in land values also reflects market dynamics. That said there is some evidence that the YTG policy of requiring full cost recovery, abetted in Whitehorse by fairly high infrastructure standards imposed by the City have led to rising costs to develop lots (e.g. new lots in Whistle Bend were auctioned in late 2012 at prices well over \$100,000 for detached home lots).

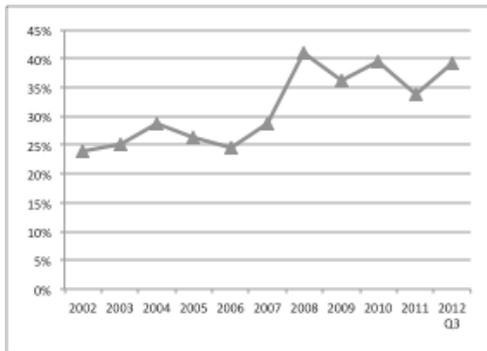


Figure 13: Land as % Ave SFD Price

As a percentage of average sales prices (i.e. not just new home prices), land has increased from roughly one quarter to almost 40% of price. This makes it increasingly difficult for builders of new homes to serve anything other than the higher end of the market.

These prices reflect newly serviced land for single detached homes. Lots for infill and redevelopment may offer prices that enable possibilities for more modest entry-level development (e.g. row town-homes and apartments).

**Non response and ineffective demand = need**

While the market has clearly responded to demands from middle and higher income consumers there are some households that have lower incomes and consequently do not have effective demand. For example if they can afford to buy only at \$200,000 or rent at \$500, the market will not respond as these demands are below cost. Thus, these consumers depend either on existing usually older dwellings or require direct public provision through social housing. An alternative is to provide rent subsidies to lower the direct cost for those living in a higher rent unit.

In order to assess how many households have ineffective demand, it is necessary to examine both the income distribution of households and the minimal prices of dwellings available.

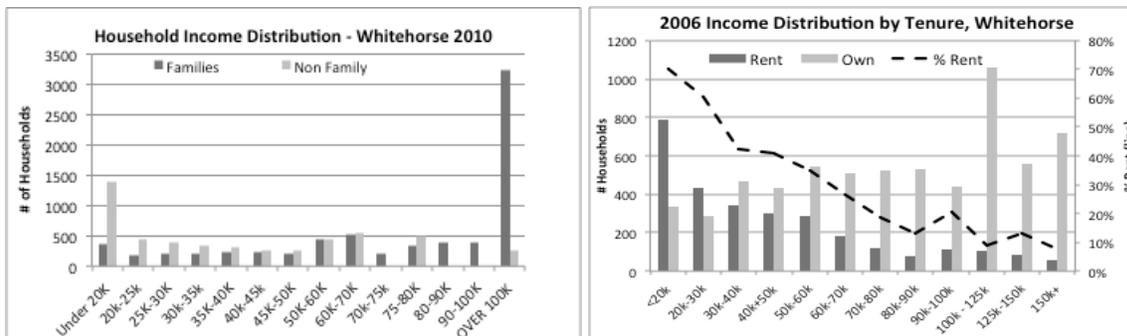


Figure 14: Income Distribution, 2006 by Tenure and 2010 by Family Type

The most recent available income data is based on income tax filers for 2010. This provides incomes by household type – families and non-family (mainly singles, but also unattached people living at same address). This reveals a skewed distribution, with many families above \$100,000 and a notable large number of mainly single persons under \$30,000. <sup>6</sup>In part, this graph is skewed because income categories are published incrementally, by \$5,000 range, up to 100,000 then all over \$100,000. In Whitehorse, the median family income in 2010 was \$105,000. Roughly one third of households have incomes from \$30,000 up to \$100,000.

The tax file data do not reveal tenure, or other family characteristics so 2006 census incomes are also shown (right graph) to illustrate the significant difference between owners and renters. Here some ranges above \$100,000 are included and again we see a large proportion of households in these incomes.

There is a strong correlation between income and tenure. On average renter incomes (2006) were less than half those of owners. This is, of course, influenced by the fact that once households achieve an income to buy, many shift from being renters to owners. That said, not all renters are low income. Some middle and higher income earners make a conscious decision to rent because they wish to remain mobile and not tied down by owning.

What this distribution shows us is that most households are able to manage quite well in obtaining housing at market prices. But a small proportion experience difficulties. In part, this is because there are more lower income households seeking housing in Whitehorse than there are low rent dwellings.

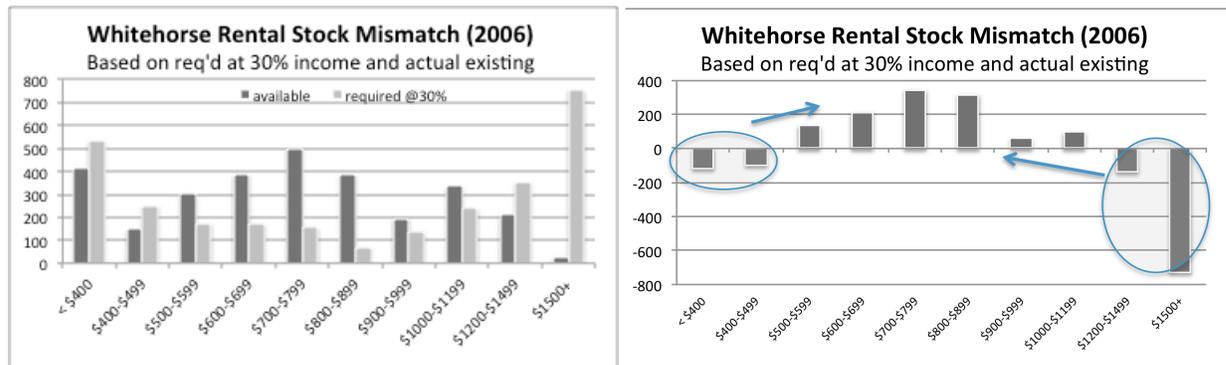


Figure 15: Comparing Actual and theoretical Rental Requirements, Whitehorse 2006

The rent data identify roughly 500 units in total with rents below \$500. By comparison, in 2006, there were 329 social housing units and a further 42 rent supplements. While not all social housing residents pay rent below \$500, many do, so this suggests that there are few non-social units below \$500.

<sup>6</sup> The tax file data do not provide details on individual or family characteristics and demographics; forthcoming 2011 census data, being released in August 2013, will provide a potential data source to better understand the characteristics of household in need.

The right chart compares the number of units that would be required if all renters paid 30% of income (the accepted norm for affordability) against the actual number of units that exist in each rent range (Census 2006). This uses the census distribution, so includes apartments in homes, rented condominiums and homes, not just the 1,015 or so units in the (3+) purpose build stock covered by the YBS survey. It shows a shortage of very low rent dwellings as well as a shortage of high rent ones; with a surplus in mid rent ranges.

With insufficient low rent units, lower income renters occupy more expensive units, of which there is a theoretical surplus. However, they pay over 30% and thus are reflected in CMHC estimates of households with core need affordability problems.

Meanwhile, many higher income renters are able to pay much less than 30% and occupy units that for them are quite cheap. This will help those aspiring to own to save a down payment.

As a result of insufficient lower rent units as well as limited access to moderate rent stock as it is already occupied, there may be a case for YHC to either construct new social housing or provide some form of rental assistance to relieve high shelter cost burdens.

Since 2006, some 89 social/seniors units have been added to bring the total social stock up to roughly 420. This represents roughly 5% of all housing in Whitehorse, a ratio that is very similar to the national average for social housing.

However, at the same time, and again similar to the national picture for every social unit, there are 2.5 households in core need requiring help. In Whitehorse in 2006, some 885 households were determined to be in core need, of which the vast majority (740) experienced affordability problems (paying over 30%).

It is extremely unlikely that private investors can or will build for this lower income band. However, if the private sector were enticed to build for a mid market segment, this could potentially free up some modest rent units (i.e. under \$800) that could be occupied by lower income households.

Creating options in the intermediate market could also help those social tenants in work and with reasonably earnings (but at 25% RGI paying above notional market rent) to move on and free up needed RGI social housing units. The feasibility of private development at intermediate rents is explored below. Before doing so, the issue of housing affordability is examined.

### *Defining affordability*

In both the rental and home-ownership sectors issues of affordability have been prominent. This raises important questions about how affordability is defined. CMHC has developed the concept of core need and this is used across all jurisdictions. It defines need based on one of three types of problems, of which affordable dominates. CMHC uses a benchmark of 30% but this is not definitive, it depends on income. CMHC thus adds an income threshold to target only low-moderate incomes and to eliminate voluntary overconsumption. This calculates the income required to afford a median rent dwelling of

suitable size for the household (i.e. bachelor for singles, 3 bed for 2 parents and 2 children of opposite gender).

More recently in the Federal-Provincial-Territorial Affordable Housing Initiative CMHC has adopted an affordability threshold based on the prevailing average market rent, as measured in the annual rent survey (in the Yukon, this is administered by YBS). Most provinces have pushed this lower and variously define an affordable rent at 65% to 80% of average. In Whitehorse the survey universe tends to be dominated by older rental structures, most build before 1990. As such, average rents tend to be quite low (see chart below).

Beyond CMHC’s criteria, affordability is still a broad concept. The Canadian Home Builders Association considers many of the homes built by their members for “entry level buyers” to be affordable. Banks use a debt service ratio of 32% (includes mortgage insurance and heat).

In reality, affordability is relative and it is a continuum. Using the income distribution from the 2010 tax data and adopting the 30% norm, we can identify a range of home prices and rents. Against these incomes, we can identify current rent or purchase prices for dwellings in Whitehorse.

As noted above, new construction is creating ownership units in the form of apartments and townhomes in the mid range (\$300,000 - \$400,000). However, the availability of rental options below \$800 is quite limited, and with recent steady increase in rents, such opportunities are declining. As shown in the lower chart, there are 1,400 singles and 350 families with 2005 incomes below \$20,000, who cannot afford to pay over \$500.

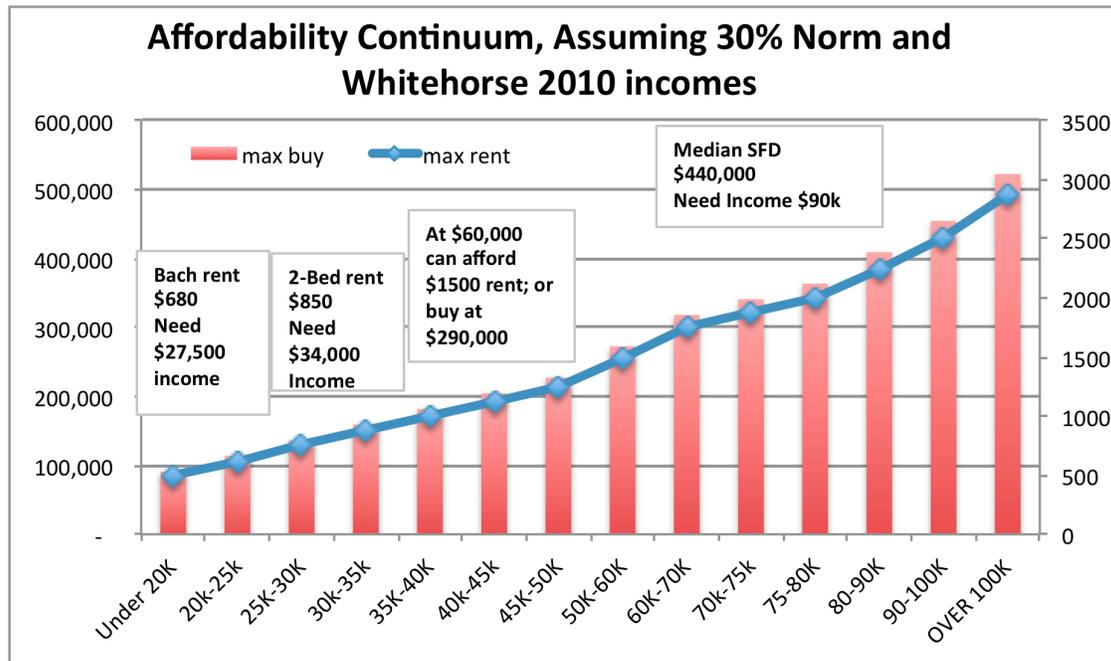


Figure 16: Affordability Continuum, with Current Rents and Prices

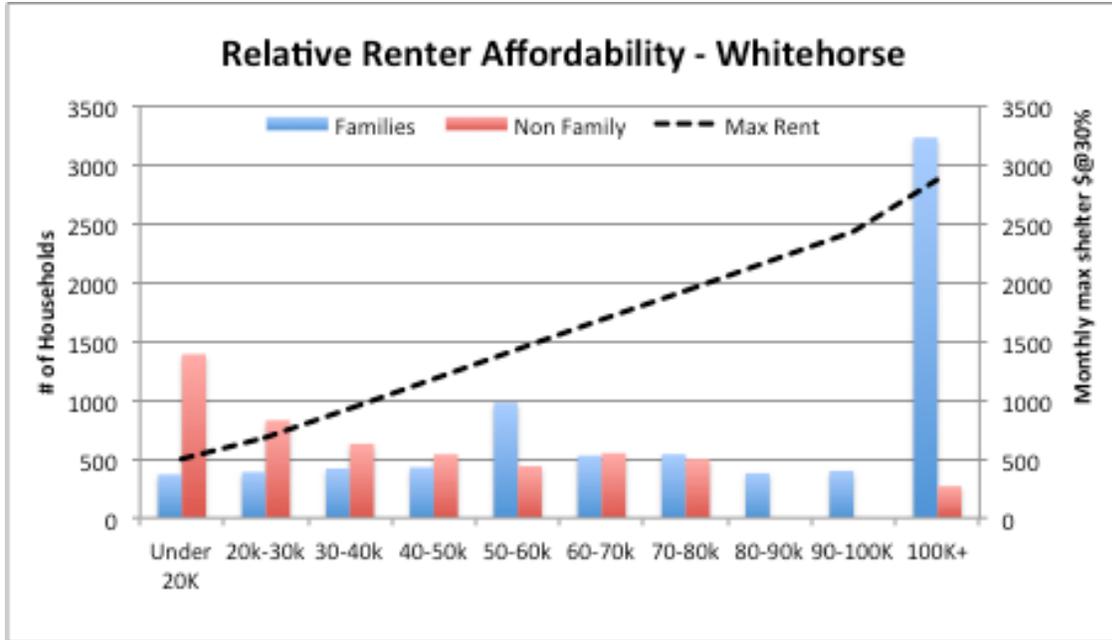


Figure 17: Relative Affordability

These charts confirm the previous suggestion that there are insufficient low rent units, relative to the number required.

This reflect current unmet need, it ignore future growth. The proportion of households in need has consistently been roughly 1:6, so as the population and number of households grows (see housing projections below) it is likely that the number in need will also grow proportionately.

### ***A brief primer on rental development economics***

The main gap in the Whitehorse housing system is a minimal and very low level of new rental starts. Since one-third of households rent, in an ideal world one-third of starts would be targeted to the rental sector; but over the past decade fewer than 5% of those in Whitehorse have been.

This outcome in Whitehorse is substantially inferior to the national level, where roughly 10% of new starts on average are intended for rental use (also a low level). This is an issue across Canada and reflects a number of barriers and constraints to rental investment.

At the same time, it should be acknowledged that the form of rental supply nationally is shifting, and to some extent, this is also occurring in Whitehorse. Historically, developers built apartment structures specifically for rental. Many of these were subsequently sold to institutional investors as income generating assets. More recently, indeed for two decades, very few developers have been active in creating purpose built rental properties. Instead, they, more often than not, build structures with units for sale. However, these are not necessarily exclusively owner occupied condominiums. In many larger cities one-fifth to one-quarter of new condominiums are purchased by small investors who then rent

them to tenants.<sup>7</sup> So the form of investor has shifted from large-scale corporate rental developers to small-scale speculative investors. At the end of the day this has become an important source of new rental supply, and may help offset the low volume of so called “purpose built”.

Most of these “new investors” are banking on appreciating values and they expect to generate a return based on capital gains, rather than from rental income streams. Indeed, in many cases rental income will result in a negative cash flow. Prospects for property values over the next decade are much less favourable than the past decade, so it is debatable whether this new source of rental supply is sustainable. It is likely not, so there will be a shortfall in new rental housing.

This is a serious issue in an economy like Whitehorse where many migrant workers come to find work, but initially with no motives to settle and buy. For this type of economy, rental options are critically important for labour mobility.

The reason that few rental properties are constructed is that this is not an attractive investment for developers. There are more risks associated with rental as well as ongoing property management obligations. There are serious concerns about “on again off again” rent regulation, which intervenes to suppress expected returns (an issue across many provinces). Furthermore, the tax treatment of rental income is far less attractive than it was in the 1970s and 1980s. Given the relative level of risk the yields on rental investment are not attractive, except at luxury rents. The case for private development of affordable rental and even at moderate rents is non-existent. These assertions are proven in the following simplified illustrative pro forma.

This illustrative pro forma uses prevailing Whitehorse costs and operating data to develop scenario for development costs, rental income and net operating income. We use three scenarios – average market rent; affordable rent, based 80% average; and a proxy for higher end rental options at \$1,500). This assumes a basic quality 800 square foot 2-bedroom apartment, in a structure of 15-20 units, but data is presented on a per unit basis for ease of illustration.

To simplify, we have retained the same land and construction costs, although in reality, a premium development would have higher costs (reflecting location and quality). We use the low end of typical Whitehorse land and cost for non-prime multi-residential site and modest quality (\$200 per sq. ft.). Property assessed values will vary depending on rental income, but for simplicity a consistent tax is used, based on the prevailing residential tax rate (note that the assessed value as rental will likely be less than cost). The illustration ignores income tax treatment (because this varies depending on type of investor) and future capital appreciation.

This illustrative pro forma identified a total capital cost of just over \$220,000 per unit (reflecting very basic quality). Rents must cover operating expenses, estimated at \$250

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<sup>7</sup> This could be examined in Whitehorse by using property assessment and tax data to track the number of condo units, which do not qualify for the homeowner tax grant.

per month plus taxes. The project can use surplus revenues to support debt and again using a very favourable assumption of a 4% mortgage rate the total amount that can be carried is determined to be just over \$70,000 in the average market case. This requires a very large equity investment by the developer (\$150,000). Against this investment the cash flow, after debt service is quite low and generates a very unattractive rate of return on equity.

**Table 1 Illustrative Development Pro forma, with alternate rents**

<b>PROJECT DEVELOPMENT COSTS</b>	<b>Ave market rent</b>	<b>80% Market</b>	<b>High Market</b>
Land	\$24,000	\$24,000	\$24,000
Construction Costs	\$160,000	\$160,000	\$160,000
Soft costs	\$38,400	\$38,400	\$38,400
<b>Total costs</b>	\$222,400	\$222,400	\$222,400
<b>OPERATING EXPENSES</b>			
Operating & Admin	\$3,000	\$3,000	\$3,000
Taxes	\$2,000	\$2,000	\$2,000
Total Expenses before debt	\$5,000	\$5,000	\$5,000
Rental income/month	\$875	\$700	\$1,500
Less vacancy allowance	3.0%	3.0%	3.0%
Effective gross income	\$10,185	\$8,148	\$17,460
<b>Net Operating Income (NOI)</b>	<b>\$5,185</b>	<b>\$3,148</b>	<b>\$12,460</b>
Available for debt at 1.15DCR	\$4,509	\$2,737	\$10,835
Maximum Financing *	\$71,428	\$43,366	\$171,647
<b>Capital Subsidy or equity</b>	<b>\$150,972</b>	<b>\$179,034</b>	<b>\$50,753</b>
<b>Investor Return on Equity</b>			
Yr. 1 cash flow (after P&I)	\$676	\$411	\$1,625
Yr. 1 Return on Equity (cash on cash)	0.4%	0.2%	3.2%
<b>5 year return, assume rents and expenses inflate at 2% p.a.</b>			
Yr. 5 cash flow (after P&I)	\$1,215.96	\$738.26	\$2,922.06
Yr. 5 Return on Equity (cash on cash)	0.8%	0.4%	5.8%

\* Max financing based on a 1.15 debt coverage ratio (DCR); 25 yr mortgage at 4%

Even at much more favourable rents of \$1,500 the cash flow is only marginally better. Although rental income is much higher, much of this increase is devoted to debt, thus reducing the required equity to \$50,000. The combination of less equity and better cash flow However, still generate only an anaemic rate of return of 3.2%, rising to 5.8% by the fifth year.

The developer would be more motivated to by government bonds, which yield more and avoid all the attendant risk of rental development. Alternatively, if built as a

condominium, he could sell for \$245,000 and generate an immediate return of more than 10%.

Note that while based on estimates of prevailing costs and operations, this pro forma uses fairly prudent (low) assumptions in order to illustrate just how challenging it is to build rental. A condo builder is more likely to incur slightly higher costs for land and construction and a more realistic base cost to build a 2-bed condo is more likely in the order of \$300,000.

The pro forma also illustrates a scenario for social housing with rents set at 80% of market (i.e. “affordable” but not RGI). In this case, YHC would require a capital subsidy in the order of \$140,000 to just to achieve a rent level of \$680, which is moderate but not necessarily affordable to very low income. However, if the tenant depends on income assistance, the benefit levels would support higher rents (e.g. the rental allowance for a family requiring 2 bedrooms is 1,065), so it may not be necessary to subsidize breakeven to 80%; a market rent or even slightly higher would be sufficient.

This primer helps readers to understand the serious challenge in filling the gap of limited rental supply. It suggests that private investors will have little, if any, motivation to help fill this gap.

### **Financing and lending issues**

The analysis of ongoing market transactions as well and consultation with lenders reveals that access to financing is generally not a problem in Whitehorse. Lenders accept Whitehorse as a viable market with property values providing sufficient security for mortgage loans, for qualified borrowers.

Some potential borrowers have a greater challenge either due to low income (i.e. below \$80,000) in combination with lack of down-payment, or in some cases impaired credit (and excess consumer debt). YHC delivers a mortgage program directed to potential buyers that have been rejected by lenders and the recently announced Down Payment Assistance Program will help those with sound credit and incomes below \$85,000 but lacking a down payment.

### **Summary for Whitehorse**

Overall, Whitehorse has a well functioning housing system and generally healthy market. The market has responded to demand for mid market and multi unit forms, which have helped to fill out the continuum of options, at least on the ownership part of the housing system

The one notable exception is that there has been a very low level of rental development and the fundamentals simply do not favour this sector. Financial pro forma analysis confirms the very weak viability. In the absence of rental supply, the bottom part of the rental sector is under pressure – there are more low-income households seeking low rent housing than there are units available. And, as population continues to grow it is likely that the low rent requirements will similarly increase.

Conversations with community sector and anti-poverty advocates also highlighted the very limited options for lower income households. With low vacancy rates and minimal new rental, there is pressure in the lower priced stock. Many experience serious affordability challenges. There is currently a waiting list of 87 households seeking social housing assistance in Whitehorse. Given the very small rental stock there is a need for additional supply as well as initiatives to increase flow of higher income households out of social housing (in absence of moderately priced alternatives some remain even if 25% of income exceeds market rent).

In consultations with representative from the development and real estate industry, there was strong interest in improving frequency and quality of housing market information. The Yukon Bureau of Statistics does publish housing data in both its Monthly Review and Quarterly Real Estate Survey, but participants would like to see more information and market analysis available. CMHC performs this function in many cities (generally for CMA's and CA's over 50,000) and although CMHC initiated an annual Northern Housing Report in 2006 they do not offer ongoing market analysis services to the industry and consumers.

## ***Housing trends and issues in rural communities***

Appendix A presents detailed information by community on data and issues raised in the consultations. This section presents a synthesis and overview of the issues and challenges raised during these conversations as well as those arising from our data analysis. It should be noted that this was not a quantitative survey. Rather, it is qualitative and based on interviews with knowledgeable individuals referred to us by YHC managers or others.

### ***Perceived shortage of housing options***

In every community interviewees highlighted a shortage of housing. This is especially acute in the summer when seasonal employment increases requirements for accommodations. The consultations highlighted not only issues with limited homes for sale, but also the lack of rental options, which are more typically required for shorter-term employees and well as for others not able or not ready to buy.

A number feel that the lack of housing options is a deterrent to local economic development. While not necessarily major employment drivers, small local business such as restaurants and stores face challenges attracting employees, and, in the aggregate, the requirements of these small businesses can be significant.

On a positive note, there is, however, some evidence of entrepreneurial investment. In one community, an employer is building a new home and plans to include a suite and carriage home to rent to employees. In another, a resident built small cabins and provides these as rental units.

As noted in the Yukon overview, there is a noticeable mismatch between demographics and existing dwelling types. Single person households are especially noticeable in Carcross, Dawson, Mayo, and Teslin. The community consultations, many communities have identified a need to create a broader range of housing options, which could be both more appropriate for the household types and potentially less expensive to create. In particular, when small apartment or “plex” structures are created, targeting either seniors or young singles working in the seasonal service sector this could relocate people from homes and make these available for families. Such mobility within the stock may allow development at lower price points and enable residents to cash out and downsize from detached homes.

### ***Limited rental options***

Although informal rentals appear to exist across many communities, there is a perception that rental options are limited. It was noted that this also affects requirements for social housing. Without alternatives, people remain in social housing as their income increases. They continue to pay 25% of income and in some communities social tenants pay over \$1,000. This reinforces the inequities in staff housing, where staff with much higher salaries pay only \$600 versus a modest income earner at \$40,000 in social housing paying \$1,000.

### **Limited land supply and cost**

This research did not investigate land supply issues in any depth because these have been examined in detail by a separate study by Community Services, Land Division (at time of writing this research was not yet available)

However, constraints on land supply did arise in community consultations. Officials in the Lands Division also acknowledged that there are land supply constraints affecting housing supply in Dawson City and to a lesser degree also in Mayo and Watson Lake.

Lack of serviced building lots is seen as a contributing factor in the lack of housing. Most interviewees were aware of people in their community that wish to settle and buy but have very few options. Many are willing to build, but require serviced land. The only community where it was believed that there was enough land is in Teslin, where a new subdivision has been built as a joint venture between the Yukon and First Nation government.

It was acknowledged that the Yukon Government Department of Community Services does undertake development, but there are concerns that the practice of cost recovery results in relatively high land costs and pushes home prices for new construction higher.<sup>8</sup> One municipal official expressed a view that the municipality may be able to develop lots at a lower cost than those incurred when working in partnership with YTG Lands Branch.

Service standards were highlighted as a factor driving up land costs (although some of these are set by municipalities, rather than by the Community Services Lands Division). One community indicated they are exploring options to develop lots with minimal standards (e.g. unpaved, just a power line, septic field) as a way to bring land costs down.

One argument made is that there is considerable privately-held vacant land in many communities, so there is no need for government to develop new lots. However, very little of that is for sale. Given the very low property assessment and consequent property taxes, there is very little incentive for landowners to be in any hurry to sell. Rural residents and municipal government look to the Yukon government to provide building lots.

### **First Nations add significant housing need**

In many communities First Nations citizens represent a significant share of the population and many do not live on land set aside or settlement lands. Thus, they add to general housing requirements. While First Nations have some funding to repair and build homes, this is insufficient to keep up with their requirements.

The consultations included discussion with First Nations representatives and all noted the challenges in providing and maintaining sufficient housing.

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<sup>8</sup> We are aware that a separate study has undertaken a comprehensive assessment of land issues. At the time of these consultations that report was not yet available. However given its pending release this study has not explored land issues in detail and does not seek to validate the concerns raised in the communities.

Key issues included the limited amount of capital funding available and competing needs to use this on renovation and repair versus new construction. On settlement lands, Bands can no longer utilize ministerial loan guarantees to secure loan financing. Capital funds must cover the full cost to build, rather than being used as a down-payment in combination with financing, as is the typical approach in building and buying homes. Access to financing could leverage a higher volume of construction from the same capital base. A federal initiative, the First Nations Housing Market Fund is an attempt to increase potential to leverage capital and to access private lender financing – to date only one Yukon First Nation has used this new facility, although others are pending.

There is an associated issue of the lack of a land registry system on settlement lands. While First Nations are unwilling to grant mortgages as security, even leasehold and chattel loans are precluded by the absence of a land registry system.

### *Labour constraints*

While not prevalent in all communities, some did note a lack of contractors and skilled trades. With limited contractor availability the obvious consequence is higher construction costs. In some cases, localities sought to attract bids from Whitehorse, but this also results in higher costs due to travel and accommodation requirements. Opportunities to expand skilled labour supply via construction courses at Yukon College were suggested in some communities. Respondents in Haines Junction, Watson Lake, Teslin, and Ross River did note that they had little difficulty accessing skilled labour, while it seems to be a problem in the other communities.

A related factor is the absence of building inspectors in the small communities, which causes some delays in construction pending visit of an inspector and approval of work in place.

### *Housing conditions and need for repair*

To the extent that the data identified relatively high need for major repair in many communities, contacts were asked about general housing conditions. Many agreed that some homes are in a poor state and some even uninhabitable due to issues like mould or structural problems.

Interviewed First Nation housing and capital staff all attested to the poor condition of the older First Nations housing stock. Much of it stems from poor construction due to insufficient capital funding in the past, while climatic and social conditions just made housing deteriorate faster. A number of First Nations used the Northern Housing Trust Fund money to upgrade their housing stock, but this has not proved sufficient to bring all the housing up to minimum standards. The poor condition of the housing stock has also hampered First Nation efforts to charge rent, as individuals want their housing fixed before paying rent, but without the rent income, it is difficult for the First Nation governments to upgrade many dwellings.

### Financing issues

A third major constraint for those families interested in building a new home is the difficulty securing mortgage financing. In many communities, respondents had stories about people trying to build but unable to get necessary financing.

It is evident that private lenders are reluctant to take on loan business in these communities, In one case, with a loan covering only half the costs, a private lender did provide financing but sought to manage risk by requiring CMHC insurance (and claiming inaccurately that CMHC required it), which added the cost of insurance premiums for the owner-builder.

While differentials between costs versus valuations are a serious concern for lenders and cause a barrier to financing, many people in the communities did not see this as a major issue. Most invest in their homes as a place to live and plan to stay many years – they typically do not evaluate the potential future sale value as the basis for making improvements. The fact that people were buying properties in some communities at seemingly inflated values attests to this indifference.

Most were aware that YHC has some programs but felt these are not well promoted or accessible in the smaller communities. It was suggested that limited budgets tend to reduce access and availability to the YHC building and repair loan programs. As noted in the review of YHC lending activity, the data confirm that there is a disproportionately low allocation of loans outside of Whitehorse.

### Access to YHC lending programs

YHC has for many years offered a variety of lending programs (some also including subsidy where borrowers are lower income). These cover a range of programs with differing eligibility criteria and loan levels and different objectives. These generally fall into 4 categories: home purchase loans, self-build financing; renovation and repair of owner occupied homes and rental assistance to repair or add rental units within homes.

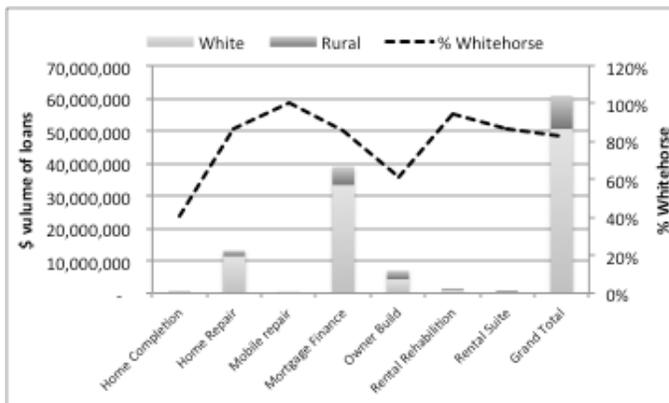


Figure 18 Volume of YHC Lending (2006-2012)

Data files provided by YHC were reviewed and for consistency with other analyses, summarized for the period 2006 to 2012.

Over this period, the vast majority of loans related to repairs (70%) while home purchase loans made up another 21%. The financing of self-build (4%) and rental repair and suites (total 5%) involve less activity.

The key finding, however, is the relative distribution of YHC lending activity across the communities. Despite the fact that Whitehorse is well established as a functioning housing market and private lenders are actively providing financing for both renovation and new construction in Whitehorse (and immediate environs), Whitehorse receives a disproportionately large share of activity – 85% of loans with 83% of total capital amount was concentrated in and around Whitehorse (which houses 76% of the Yukon population). While 83% may not appear excessive given Whitehorse's share of population (76%), it is disproportionate given the greater access to private lending in Whitehorse compared to the rural communities.

In the other communities, YHC lending tends to favour Haines Junction and Dawson City, and the home repair program appears to be well used in Watson Lake.

### Housing transactions

Across the communities outside of Whitehorse, the number of homes offer and available for sale and related transactions are very limited. Only the two largest communities – Watson Lake and Dawson City – have recorded more than 10 sales per year over the last 6 years.

Home sale prices are also highly variable both within each community and between communities. Although Figure 19 does not reveal how prices relate to new building costs, the cost to build generally exceed values by a significant margin. This creates a challenge for new investment as well as issues in securing financing, where lenders look to asset value as the security for loans, and are generally not willing to lend on costs that exceed potential value. To illustrate this issue, the recent sales prices for existing homes were compared to the estimated costs for homes built under the YHC Self Build Loan Program. Loans were approved in Dawson City and Haines Junction. Based on assuming that the builder provides only the minimal 20% contribution, it is estimated that the new home costs in these two communities were at 185% and 160% of the average resale home price in 2012.

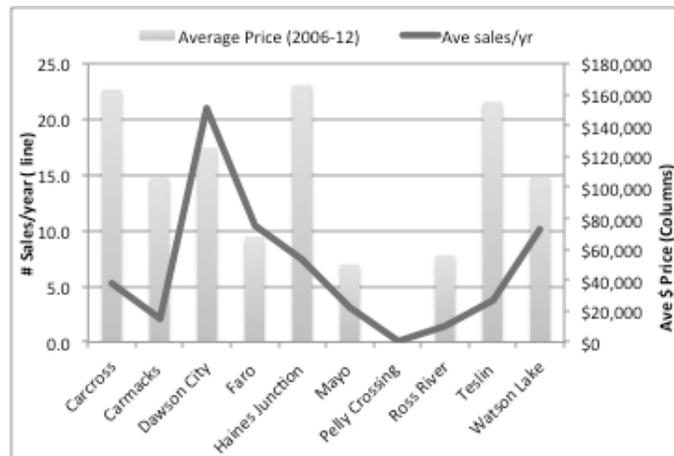


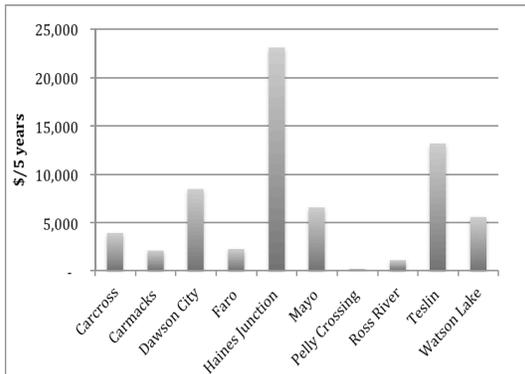
Figure 19: Residential Sales in Communities (2006-12)

### Private Investment in Housing

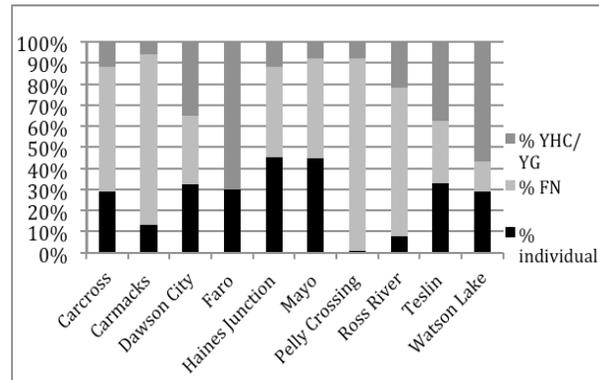
Another way to explore whether people are willing to invest in their homes, despite distortions in values and limited ability to sell, is to examine patterns of investment. Building Permit data for 2006-2011 were used to examine levels of spending on renovations additions as well as on new homes. The data identify the type of owner taking out the permit, allowing the data to be segregated between YHC, First Nations and private individuals (owners or landlords).

In reviewing spending patterns, the relative level by type of owner was examined. YHC and FN investment is largely a function of capital program budgets allocated to them. However, individual investment is based on personal motivations and expectations. For some, seeking to improve the quality of their home for their own use may ignore how this affects value – they are not looking at this as an investment as much an improvement in their own quality of life. Nonetheless, some will be cognizant of the impact that any renovation will have on future sale value.

Not surprisingly, private investment is dominant in Whitehorse, where, depending on the year, at least half and sometimes more than three-quarters of all residential construction spending is focused (YBS Building permit data). Between 2006 and 2011 more than \$250 million was invested in home construction and renovation in Whitehorse. A smaller amount was invested in other communities, where it was much more heavily influenced by public spending – particularly by First Nations. In the rural communities, roughly one third each was related to investment by First Nations (\$21M), YHC/YTG (\$17M) and Individuals (\$22m) respectively.



**Figure 21: Private Housing Investment (Ave/hh) 2006-11**



**Figure 20: Share of Total Investment in New Construction and Renovation**

Looking across the communities, private investment was calculated on a per dwelling (per household) basis. This presents a significantly varying picture. Private investment is notably higher in Haines Junction and Teslin, perhaps reflecting greater consumer confidence in the strength of these housing systems. This further suggests that these communities may be closer to having functioning housing markets.

Lower per capita investment in other communities may reflect less confidence, but could also be a result of constraints, such as lack of land for new housing and constrained access to financing.

### ***Dysfunctional markets***

Based on the interviews we had with community representatives as well as our analysis of the data, one of the major problems in rural communities that creates other housing issues is the lack of well functioning markets. The main causes of this are:

- Relatively large amount of subsidized government-owned housing (First Nation, Yukon Housing and federal) which results in low demand for private sector housing; and
- Lack of readily available financing for new construction, which makes it difficult for individuals to address their housing needs on their own.

Arguably, the prevalence of government-owned subsidized housing (i.e. all three types) in many of the rural communities is an important contributing factor to the lack of an active market.

While there is a temptation to term these communities as “non-market” or “near market”, these terms are strictly speaking not accurate. A market is simply where buyers and sellers interact, and there are some sales and purchases of housing in all Yukon communities. So from a standard economic definition, there are housing markets in all rural communities. However, these markets are not well developed. The markets function better in some communities than in others.

A number of indicators can be used to determine how well the market functions. These include:

- The relative number and amount of real estate transactions
- The relative amount of private vs. government-owned housing
- The private investment in housing (new construction and renovation)

Based on these indicators, a ranking of communities can be established based on how well the housing market functions.

The following are the indicators for the eleven communities:

**Table 2 Indicators of Market Functionality**

	Total dwellings (2012)	% Private housing	Dwellings sold per 1000 people (2006-2012)	Average house price	Private new construction \$/household (2006-2011)	New private housing building permits/1000 people (2006-2011)
Whitehorse (CA)	10,859	95%	15.8	\$299,768	n/a	40.8
Dawson City	822	72%	10.9	\$125,575	\$8,430	24.8
Faro	425	94%	28.2	\$67,933	\$2,233	10.8
Watson Lake	650	45%	6.8	\$106,591	\$5,579	10.7
Haines Junction	302	78%	9.1	\$165,947	\$23,072	47.3
Mayo	362	57%	7.0	\$50,105	\$6,539	22.0
Carcross	240	56%	12.4	\$163,079	\$3,941	14.0
Teslin	258	36%	8.2	\$155,184	\$13,176	23.6
Carmacks	226	38%	4.2	\$106,188	\$2,061	3.9
Ross River	196	12%	4.0	\$56,153	\$1,135	13.4
Pelly Crossing	135	7%	0.0	n/a	\$193	0.0

The most fruitful comparison is with Whitehorse, which clearly has a functioning housing market, including attendant challenges. The closer a community’s indicators are to Whitehorse, the closer it is to having a functioning housing market.

Faro, Haines Junction and Dawson City have the highest proportion of privately owned housing. However, Faro as a former “one-industry town” is a special case and house prices are extremely low, precluding obtaining financing for new construction. Pelly Crossing has almost no private housing and Ross River is not far behind.

Looking at housing sales and prices, Dawson City, Haines Junction and Carcross show the highest amount of private market activity with fairly high house prices. Surprisingly, Teslin, despite its low proportion of privately owned housing, also shows fairly high activity and reasonably high prices.

In terms of private investment in housing and construction of new houses relative to the size of the market, Haines Junction comes out on top, followed by Teslin, Mayo and Dawson City.

Based on this analysis, it is clear that Haines Junction and Dawson City come closest to having a functioning market. Below them are Faro, Teslin and Carcross. We probably could add Watson Lake to that group: although it has a large amount of government-owned housing, it is a relatively large community. Carmacks and Mayo come next, followed by Ross River and Pelly Crossing, which have an extremely limited private market, almost non-existent in Pelly Crossing.

### Impact of social and staff housing

Social and staff housing for Yukon government employees (mainly in health care and education) are provided in all rural communities. In the rural communities, social and staff housing in combination represent a significant part of total stock. This is especially notable in Carmacks, Ross River, Teslin, and Watson Lake, where staff and social housing represents 20% or more of total stock.

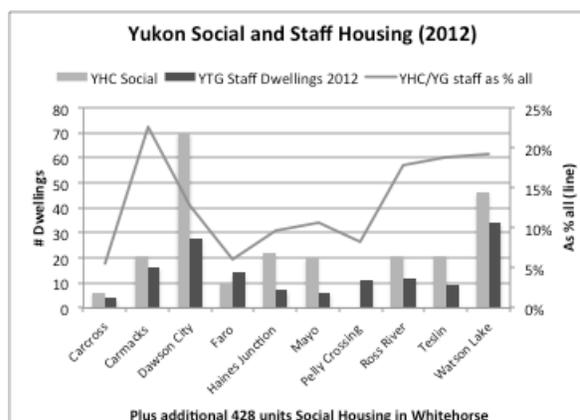


Figure 22: Social and Staff Housing in rural communities

The impacts of this “publicly-provided housing” are especially significant when combined with First Nations stock, which is also generally subsidized.

The current approach to providing staff housing as a recruitment mechanism appears to be a lightning rod for discontent. The subject was raised as an irritant in almost all communities.

Most believe the current practice is unfair and inequitable (i.e. some staff live in these homes while others have acquired rental or ownership homes privately). In one community, with existing need for more social housing, officials were frustrated that social housing units were made available to house health staff for a recently completed health clinic.

In addition, the current practice of direct provision to new government employees with unrealistic low rents has the unintended effect of reinforcing distortions that preclude a functioning housing market. Many YG employees have good salaries and could potentially buy, but low rent is a strong disincentive. This acts to pull down resale values of existing homes and exacerbates the value-cost gap that in turn undermines access to financing

Another concern is that low rents generate insufficient rental revenue to maintain the dwellings in sound repair. Some staff have voiced concerns that the YHC invested in renovating social housing, but has not similarly renovated staff housing (this was due to availability of federal stimulus funds that explicitly targeted social housing retrofit, but

complainants may not be aware of this fact). If more realistic rents were charged, capital replacement reserves could be built to fund rehabilitation of staff housing.

In more than one community, it was suggested that while some housing may be necessary initially to recruit key public employees, residency in staff housing should have some time limits) and/or escalating rents over time.

## **Projecting future housing requirements**

This analysis so far has focused on review of recent data and trends, together with a discussion of current issues and related backlog in housing need.

YHC is also concerned about evolving future housing issues and need. To help define these, population and household projections have been developed to explore how housing requirements may play out. For the purposes of this exercise, we developed housing requirements forecasts for Whitehorse for each of the ten rural communities. We also reviewed projections done by others (notably the Department of Economic Development, the Yukon Bureau of Statistics and CMHC).

Details of the methodology and input data used to develop these projections are included as Appendix B. Here we overview the approaches used and summarize the results of the projections.

In developing the projections, two different approaches are used. The first, which is applied both to Whitehorse and across the rural communities, uses an assumption of zero migration. This is used to manage the challenge of projecting migration in small populations. The second approach incorporates estimates of migration, drawing on recent migration trends, which will be recalled have been positive and significant since 2002. This approach is used only for Whitehorse.

Forecasting natural population growth is straightforward: published birth rates and death rates are applied to specific age groups. Migration is much more problematic, and it becomes worse as the population becomes smaller. Small changes in migration can have large effects, and migration is typically volatile.

Once we have population projections, they need to be translated into the number of households. The simplest way is to divide the population by the average household size. However, this can mask important demographic shifts. A better way is to use “headship rate” or the proportion of people in each age-sex group who are household maintainers. The housing requirements are simply the difference in the projected number of households between two years. An average annual requirement can also be calculated.

### **Zero migration scenario**

The zero migration scenario considers only natural growth. It is useful as a way to identify potential change in housing requirements in the absence of migration (in or out). The population is first projected using a five-year cohort (age group) population projection model with a number of assumptions about birth rates, death rates, and zero migration. The population estimates are then translated into households using historic headship rates obtained from the 2006 Census. Actual historic rates are used for Whitehorse, while in the rural communities the average across these communities is applied equally to all. This assumes that housing preferences and actual patterns in 2006 should continue. The results of this projection are displayed in Table 1 below.

**Table 1: Projected Household growth in Whitehorse**

	2013-2017	2018-2022
Carcross	(4)	(3)
Carmacks	6	16
Dawson City	21	(3)
Faro	(5)	6
Haines Junction	14	(4)
Mayo	11	5
Pelly Crossing	2	5
Ross River	3	11
Teslin	4	2
Watson Lake	(2)	7
Whitehorse	658	142

Following recent trends and the dominant scale of Whitehorse, most household growth occurs there. But notably the volume of housing requirements, based solely on natural growth drops off quite significantly after 2017, Growth in the rural communities is generally positive over the next 5 years, except in Carcross, Faro and Watson Lake. The requirements in the other communities are consistent with the volume of starts in recent years, with Dawson City, Haines Junction and Mayo having the largest need for new housing. In the subsequent 5 years (2018-22) Carmacks and Ross River are projected to have the greatest need for new housing.

**Projections including migration estimates (Whitehorse only)**

In an effort to consider migration, a second projection is developed for Whitehorse. This draws on the Yukon Bureau of Statistics population projections. These projections were based on the 2012 and used the migration patterns experienced by the Yukon in the last 10 years. The last 10 years include an earlier period of outmigration, as well as more recent positive migration.<sup>9</sup> Using this input, population is projected to increase from 27,323 in 2012 to 32,263 after 10 years in 2022. The YBS projections show annual population growth rates declining gradually over time, going from 1.8% in 2012-13 to 1.4% in 2036-37. This compares to actual annual average growth rates of 2.0% from 2002 to 2012 and 1.1% annually from 1992 to 2012.

To get from population to housing requirements, we used headship rates obtained from the 2006 Census for Whitehorse. This assumes that housing preferences and actual patterns in 2006 should continue. Applying these headship rates to the projected population yields the following total household and housing requirements forecasts:

Based on the YBS population projections, new housing requirements are expected to remain around 300 per year through 2020, but thereafter will decline gradually and stabilize after 2020 to between 260 and 270 units from 2020 to 2027

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<sup>9</sup> While the YBS did project the population of rural communities, we were cautioned against using them as they were very preliminary and likely unreliable.

**Table 2: Projected Total Households and Housing Requirements, Whitehorse, 2013-2022**

	Total Households	Housing Requirements
2012	11,669	
2013	11,975	305
2014	12,272	298
2015	12,578	306
2016	12,881	302
2017	13,193	313
2018	13,477	284
2019	13,757	280
2020	14,023	266
2021	14,290	267
2022	14,559	269

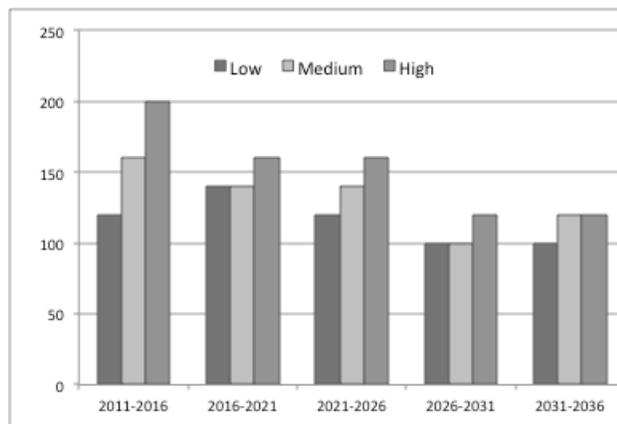
**Review of other forecasts:**

Two other housing requirements forecasts have been prepared in recent years: one by the Canada Mortgage and Housing Corporation (CMHC) and another by the Yukon Department of Economic Development. Both models provide projections for the Yukon as a whole and not for individual communities.

The CMHC Potential Housing Demand (PHD) model projection methodology is very similar to the one we use. In fact, our method is derived from CMHC’s. CMHC’s projections are for the Yukon as a whole, and show a demand for 120 to 200 new housing units per year, considerably lower than the other forecasts presented here.

However, CMHC’s latest forecast is based on the 2006 Census and does not take into account the recent large in-migration and population increase. It should be noted that CMHC also projects housing demand by tenure and dwelling type. Although it would have been relatively simple, we did not do that in our projections. The reason is the current mismatch between dwelling types and household size and the lack

of rental dwellings across the Yukon would have given a false impression of the type and tenure of housing needed.



**Figure 23: CMHC Potential Housing Demand (Yukon), Average Annual Requirements**

The department of Economic Development’s forecast is based on a recently developed econometric forecasting model (Yukon Occupational Modeling System—YOMS), which, among other things, forecasts the number of households. The population section of the model produces projections of population by five-year age groups and sex using age and sex specific birth and death rates and net migration.

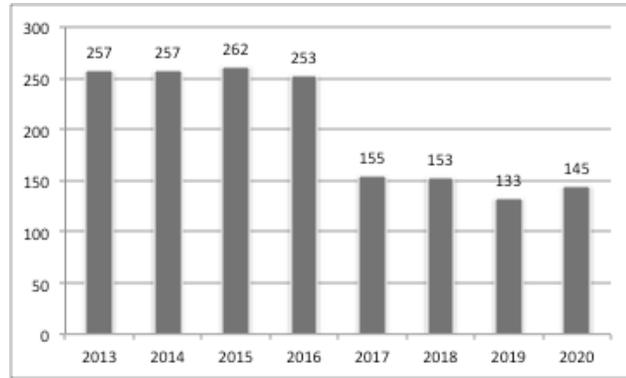


Figure 24: YOMS Model Household Formation Forecast

The migration projections are a function of the economic forecasts, more specifically of the labour requirements generated by the economic forecast. Households are determined by using a single headship rate rather than age-specific ones. The YOMS model only forecasts up to 2020. The YOMS model shows a demand for an additional 250-260 dwelling until 2016. After that year, demands drops off considerably to about 150 housing units per year.

**Summary**

The following chart displays expected additional housing requirements for the rural communities (excluding Whitehorse), based solely on natural growth (i.e. does not consider how migration might add—and in some cycles subtract) from natural requirements. While projections were developed out over 20 years, in 5- year blocks, the immediate decade is of most relevance, so only the immediate 10 years are shown here.

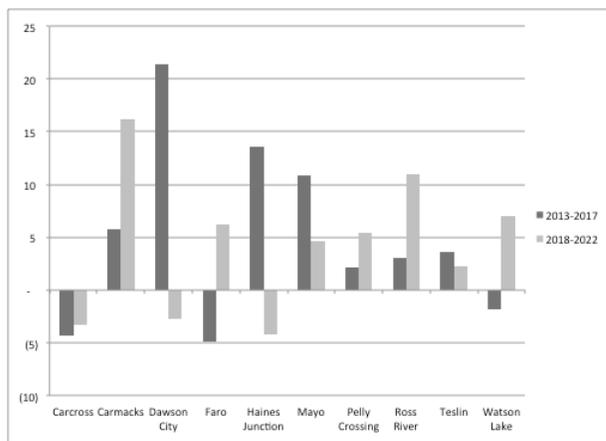


Figure 25: Projected 5 Year housing requirements, based on zero migration

Figure 24 reveals considerable variations both between communities and over time. Excluding any migration effects from local employment initiatives, in the immediate next 5 years, additional requirements are expected to be negative in Carcross, Faro and Watson Lake and modest in most other communities. The largest need for new housing within the existing population is in Dawson City, Haines Junction and Mayo – communities among those with identified serviced land constraints.

As discussed earlier, there are expectations that new mining operations anticipated to commence in the near future could generate some modest levels of migration and local housing demand in Carmacks, Dawson City, Faro, Mayo, Ross River, and Watson Lake.

In the case of Whitehorse, natural growth generates requirements for roughly 130 new homes annually between 2013 and 2018, with this falling into the future. Including expected levels of migration, the annual requirement is much larger, at roughly 300 dwellings in the next 5 years. This too tails off over the longer term, influenced by natural growth factors.

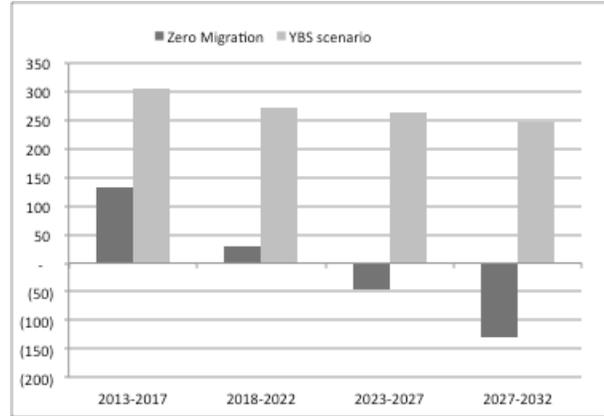


Figure 26: Projected Housing Requirements, Whitehorse

By comparison, projections by CMHC and by the Department of Economic Development for the entire Yukon suggest slightly lower estimates. CMHC projects a high requirement of on average 200 homes per year (2011-2016) while the Economic Development's estimate is in the order of 225 per year (2013-2018).

This further suggests that the vast majority of new growth will continue to be focused on Whitehorse.

## **Conclusions**

This report presents an examination of the housing situation across a full breadth of Yukon communities, covering both most small communities and Whitehorse.

It makes an important distinction between the dominant centre, Whitehorse, and the other smaller communities:

- Whitehorse is a well functioning market characterized by an active real estate and homebuilding industry, numerous transactions and fully participating lenders. There is also a readily available set of data to help analyse and understand issues and gaps in the Whitehorse housing system.
- In the smaller communities, there is a much less well-developed housing system and a number of constraints that lead to limited options and opportunities.

Primary among the issues in the smaller communities are: limited availability of serviced land; a mismatch between the cost to build and the market values of homes, which in turn causes reluctance among lenders to provide financing to enable consumers to build in these communities. There is also some evidence of a mismatch in demographics – many single and 2-person households, and the form of the existing stock is predominantly family homes.

YHC has an active role as a mortgage lender, both to allow purchase of existing homes, to enable self build activity and to finance renovation and rehabilitation of the existing housing stock – which a significant proportion of homes in the communities require. The analysis determined that a high volume of direct lending via YHC is concentrated in Whitehorse, which is already well served by private lenders. As such, the relative distribution in favour of Whitehorse is disproportionate. This also contributes to the key issue of non-functional or dysfunctional markets – even when consumers in rural communities want to buy existing homes, without access to financing they are not able to buy and consequently prices become distorted.

In some communities, there is also a lack of skilled construction trades to take on new construction and rehabilitation. Such labour constraints contribute to the higher cost to build or renovate in the rural communities.

Another key issue is the approach historically used by the Yukon government to attract and recruit staff, especially in education and health care. Direct provision of housing at low rents has a significant distorting effect and contributes both to the dysfunctional housing system and to inferior asset management.

A final issue identified in the rural communities is the high proportion of First Nations residents, many of whom seek housing outside of First Nations land due to lack of housing there. This adds to demand and general housing requirements. The federal First Nations Market Housing Fund is emerging as a potential vehicle to create ownership options on First Nations lands.

In the review and analysis of housing issues in Whitehorse, we found that this market has been challenged by a period of sustained positive migration, which has created significant pressure on the housing market. This has resulted in absorption of available and unoccupied homes for sale and for rent and is reflected in low vacancies rates. Concurrently there has been a significant rise in both rents and home prices.

But notably, at the same time there has been a positive response and the development industry has increased the volume of new homes. It has also broadened the offer into a wider range of mid market ownership options (entry level prices apartment and townhouses).

The two remaining unmet challenges in Whitehorse are a general lack of new formal rental construction and an absolute lack of low rent units, which results in almost 1 in every 6 households experiencing affordability problems (paying over 30% of income for housing).

The affordability problems are most acute among lower income households. The small amount of rental development is reflected in low vacancies. Since 2008, rental vacancies have consistently been below the 3% benchmark of a well-balanced market and in December 2012 were only 1.5%. To some extent the lack of rental options have been managed by households shifting into ownership and creating rental vacancies. However, this shift is not expected to continue due to a change in the factors that enabled renters to buy.

In the face of ongoing migration and new housing demand, which is projected to be concentrated on Whitehorse, new rental supply is needed. The analysis has demonstrated that there are serious impediments to private sector development of rental housing, even at mid-high end rents.

While focusing on an examination of current issues, the study also undertook development of projections of future housing requirements. Developing such projections for the rural communities is not realistic as small changes in migration can have very large effects and migration to and from the small communities is too volatile to predict. A zero migration scenario was used to assess likely housing requirements based solely on natural growth. There are minimal requirements in most communities. The largest levels of projected need for new housing are in Dawson, Haines Junction and Mayo – communities with identified serviced land constraints.

Overall, household requirements, which will be centred on Whitehorse, are anticipated to be close to the recent level of new housing starts. Provided that sufficient serviced land is released, or infill and redevelopment opportunities exist, it is expected that supply should keep up with demand. Core housing need can also be expected to persist at around the same level (15%) of all households and will impose some pressure to respond to what are primarily affordability issues, exacerbated by a small and eroding supply of lower rent dwellings.

## **Appendix A: Community Profiles**

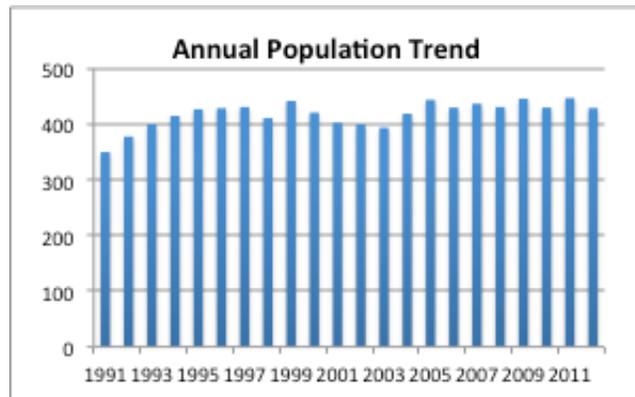
- Carcross
- Carmacks
- Dawson City
- Faro
- Haines Junctions
- Mayo
- Pelly Crossing
- Ross River
- Teslin
- Watson Lake
- Whitehorse

## **Carcross**

### **Key Trends in Community**

Carcross population has remained relatively constant over the last 10 years, despite an increase in tourist visits from cruise ship passengers coming in from Skagway.

Few dwellings have been built since 2006 (fewer than two per year), but there has been a relatively high level of real estate activity for the size of the community with about five houses sold per year.



Most of the housing in the community is privately owned. The First Nation owns 69 units or about one third of all dwellings, while the Yukon Housing portfolio is very small with a total of 10 units, 6 social and 4 staff. Carcross is relatively close to Whitehorse (74 km) and some local government staff commute from the territorial capital.

The Yukon government has no lots for sale in the community and this poses a constraint to new construction.

While the percentage of dwellings in need of major repair is higher than the Yukon average, it is relatively low compared to other rural communities. However, there are a fairly large number of unoccupied dwellings, many of which are First Nations housing that is out of commission and beyond economic repair.

Ignoring potential demand from new residents moving to Carcross, natural population change over the next 10 years can be expected to result in contracting population and no additional requirements for housing. However, this is offset by a backlog of unmet need.

### **Issues and Challenges Identified**

As with many other rural communities the main identified problem in Carcross is the shortage of housing for First Nations citizens. The Carcross-Tagish First Nation has been responsible for about 60% of the investment in housing from 2006 to 2011. The First Nation government built five of the eight new houses and invested considerable amounts in an attempt to maintain its housing stock.

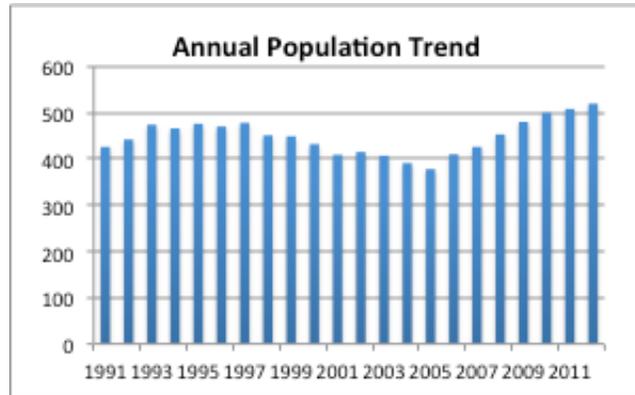
As well, there is no land currently available from the Yukon government.

<b>Community Profile</b>		<b>Carcross</b>	
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	429	YHC Social (includes some in 2012)	
Population change 2006-12	-0.2%	YTG Staff (via using former social)	0
Average/yr	0.0%	FN	11
<b>Households(2011 census)</b>		Private (and other govt)	6
1 person	39%	Total New (2006-11)	17
2 persons	33%	New Dwellings - Average/year	3.4
3+ person	18%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>		Dwellings Sold (2006-2012)	32
Type of Dwelling:	180	Ave sales/yr	5.3
SFD	85%	Average Price (2006-12)	\$163,079
Mobile	3%	Ave Price 2012	**
Semi/Row/Apt/Other	12%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	6	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	4	New Construction	1,663,000
First Nations Dwellings	69	Renovation and additions	811,262
Rest = Private (plus other public)	161	Gross housing investment	2,474,262
% owned (excluding FN) in 2006	75%	Private - Individual	709,319
% in need of major repair in 2006	23%	Private Investment/Household	3,941
YHC/YG staff as % all	6%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	-4
Social	0	Total 2018-2022	-3
Staff	0	2013-2018 (Ave/Yr)	-1
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	-1
Mortgage loans	3		
Home repair	1		
Owner Build	0		
Rental Rehab/suite	0		
<b>Notes:</b>			
Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census			
New dwellings based on building permits, may vary slightly from actual starts			
Private residential investment ignores FN or YTG, and is based on total dwellings			
HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)			

## **Carmacks**

### **Key Trends in Community**

Inverting the pattern of the previous decade, Carmacks since 2005 had the highest rate of population growth of all Yukon communities, growing on average at 4.4% annually. Not surprisingly, this imposed significant pressure on the housing system.



Against such population growth, there has been no increase in the supply of housing, only one home built in the past 5 years. There have been few home sales, on average only 2 per year, and when properties are available they are quickly purchased.

This was managed in part by vacancies created during the outmigration of the 1990's, but availability of existing homes is now limited. There are a few existing homes that are unoccupied but these are in poor state of repair (including RCMP dwelling which is condemned for mould). Across the community there is a high need to rehabilitate the stock, 31% of homes were reported in the 2006 census to require major repair, double the rate for the Yukon as a whole. YHC units benefited from some rehabilitation from CEAP funding.

There is a small private housing sector – the system is dominated by First Nations homes (almost 40%) and government housing, social and staff) also account for a large share (one quarter). New construction has been primarily in the form of social housing and First Nations, while private investment is limited and well below average per capita level across communities.

Abandonment of homes in disrepair (and fire damage) has resulted in loss of stock. Meanwhile there is a constraint on availability of lots for new construction, with only 4 lots serviced and available at the current time. Despite high level of repair need and undersupply, there has been minimal use of YHC lending programs in recent years (3 mortgage loans, 1 self build and 1 repair loan).

Ignoring potential demand from new residents moving to Carmacks, natural population change over the next 10 years is expected to result in contracting growth and no additional requirements for housing. However, this is offset by a backlog of unmet need as well as potential new demand from new residents, as discussed below.

### **Issues and Challenges Identified**

A shortage of housing was identified as a critical issue. A \$1 Million investment in the local store is creating need for staff, but lack of housing is seen as a serious constraint.

Rooms in the local hotel are being used as temporary accommodation for employees. It was suggested that some form of apartment or small suite accommodation, or stronger promotion and funding for a rental suite program may help to address employee housing shortage, especially since much of this is seasonal.

Ongoing operation and potential expansion at the Casino Mine are anticipated to add further requirements for local housing.

Lack of serviced land is seen as a serious constraint. In addition there is a limited availability of contractors, both the build new or undertake rehabilitation. Construction crews from Whitehorse are expensive and act to push up costs.

With high construction costs, it is difficult to secure financing – a third constraint. Again, YHC lending programs were identified as an important element in addressing lack of access to financing for new supply and renovation.

The large percentage of homes in poor repair suggests need to increase availability of funding for rehabilitation, but the limited availability of contractors is a deterrent.

The Village explored option of developing a small apartment building, but it was not determined to be feasible without some assistance (e.g. capital grant, or concessionary financing). The village has created zoning to allow secondary units on country residential lots.

While active in new construction, the First Nation is limited by availability of capital funds. The challenge of financing on settlement lands is a barrier, as it is across many First Nations in Yukon.

Rent levels in government staff housing were also identified as an issue that impacts values. Staff housing is a significant part of the stock and low rents create a disincentive to invest in building or buying locally (although currently land and labour constraints may be a more significant incentive).

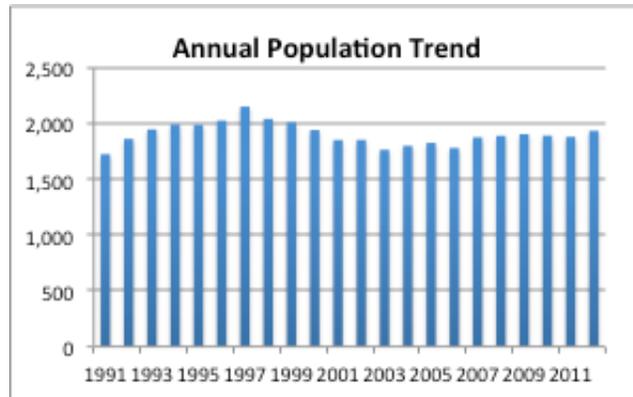
<b>Community Profile</b>	<b>Carmacks</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	519	YHC Social (includes some in 2012)	3
Population change 2006-12	26.6%	YTG Staff (via using former social)	0
Average/yr	4.4%	FN	15
<b>Households(2011 census)</b>	0	Private (and other govt)	2
1 person	31%	Total New (2006-11)	17
2 persons	31%	New Dwellings - Average/year	3.4
3+ person	41%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	164	Dwellings Sold (2006-2012)	13
Type of Dwelling:	0	Ave sales/yr	2.2
SFD	56%	Average Price (2006-12)	\$106,188
Mobile	38%	Ave Price 2012	\$98,750
Semi/Row/Apt/Other	5%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	4
YHC Social	21	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	16	New Construction	2,093,640
First Nations Dwellings	64	Renovation and additions	578,820
Rest = Private (plus other public)	125	Gross housing investment	2,672,460
% owned (excluding FN) in 2006	54%	Private - Individual	337,990
% in need of major repair in 2006	31%	Private Investment/Household	2,061
YHC/YG staff as % all	23%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	6
Social	0	Total 2018-2022	16
Staff	0	2013-2018 (Ave/Yr)	1
<b>YHC Programs</b>	0	2018-2022 (Ave/Yr)	3
Mortgage loans	4		
Home repair	1		
Owner Build	1		
Rental Rehab/suite	0		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## **Dawson City**

### **Key Trends in Community**

Dawson is one of the larger communities but has experienced slow growth in recent years, averaging 1.4% annual growth since 2006, below that of Yukon (2.2%).

With a local economy based mainly on tourism and placer mining, Dawson does, however, experience significant seasonal fluctuations, and has housing shortages in the summer tourist season.



There is a fairly large stock of social and staff housing, accounting for 14% of total stock – much larger than the territorial average (5%). Despite this and the fact that 19 new units were built in 2010-11, Dawson City is one of only two communities reporting a waiting list for both social and staff housing.

Total new home construction since 2006 has added 97 homes; 19 of these were social housing (with 60% of units designed for single persons) while First Nations added one-third (27). A strong level of private investment underpinned half of new construction (48 homes between 2006-2011). Conditions in the housing stock are reasonable. Roughly 15% of dwellings (2006) were in need of major repair, a similar rate to the overall territorial and national average.

Despite a constrained market, there has been a healthy volume of home sales, averaging 21 sales in each of the last 6 years. Properties that have sold have been at relatively low values (averaging \$125,000), although this bumped up over \$200,000 in 2012.

Limited land supply is affecting potential new construction, which could increase choice and price options. Yukon Government land listings confirm this constraint – the December and February listing identify no residential lots available for sale in Dawson City.

### **Issues and Challenges Identified**

Dawson has perhaps one of the tightest housing systems across the communities. Although overall population has not significantly increased, the seasonal labour market imposes acute pressure. Local officials identified high demand from employees working in potential nearby mine and related service industries.

There is insufficient housing to accommodate public employees and some social housing has been reallocated to medical staff for a new health centre. Some YTG staff are being accommodated in local hotel. While a 19 unit new social housing was built in 2011, this

replaced a derelict structure (Korbo Apartments), in which 13 were decommissioned so there was a net gain of 6 social housing dwellings.

Seasonal employees often use campsites and RV's due to lack of appropriate accommodations – so there is also need to create accommodation for a seasonal labour force, in addition to permanent housing.

Local officials as well as the Lands Division of Community Services both highlighted a critical shortage of buildable lots, either in or near Dawson.

Local officials expressed frustration that YHC has some vacant lots and these are not being developed. A local economic development group is also interested in acquiring the site of the demolished Korbo Apartments to develop non-profit housing – but need financing and funding support if rents to be affordable to lower income households.

Municipality is trying to encourage development of secondary rental suites in homes – and the YHC rental suite program could be a potential aid, if sufficient budget were available.

More so than other Yukon communities, there is a disproportionately large number of single person households. One-person households represent over 40% of all households, with 2 persons adding another 31%. Meanwhile the existing stock is predominantly made up of detached dwellings with 2-3 bedrooms, so there is a mismatch between household characteristics and existing stock. This suggests some potential to create improved use, by building some singles accommodations, which potentially could free up larger 2-3 bed homes for families. With an aging population, there may be some demand for market based seniors housing.

There is also some demand for housing from Tr'ondëk Hwëch'in First Nation – but without access to ministerial loan guarantee on settlement land, and lack of land registry system constraints on access to financing are limiting the ability of the First Nation to significantly add new housing. Drawing on their available capital funding, the THFN have been a significant player, investing over \$4 million in residential construction and renovation (28% of total) over the 2006-11 period.

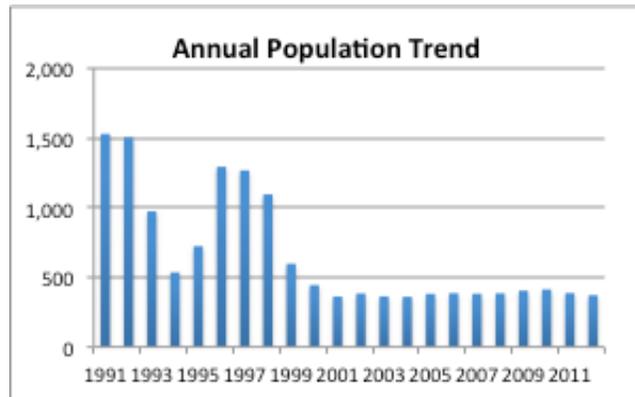
Overall Dawson City has a serious shortage of housing, faces acute land supply constraints and limited access to financing.

<b>Community Profile</b>	<b>Dawson City</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	1935	YHC Social (includes some in 2012)	19
Population change 2006-12	8.6%	YTG Staff (via using former social)	3
Average/yr	1.4%	FN	27
<b>Households(2011 census)</b>		Private (and other govt)	48
1 person	40%	Total New (2006-11)	97
2 persons	31%	New Dwellings - Average/year	19.4
3+ person	28%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	762	Dwellings Sold (2006-2012)	126
Type of Dwelling:		Ave sales/yr	21.0
SFD	75%	Average Price (2006-12)	\$125,575
Mobile	4%	Ave Price 2012	\$202,727
Semi/Row/Apt/Other	22%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	70	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	28	New Construction	11,649,277
First Nations Dwellings	112	Renovation and additions	3,548,444
Rest = Private (plus other public)	612	Gross housing investment	15,445,225
% owned (excluding FN) in 2006	52%	Private - Individual	6,423,631
% in need of major repair in 2006	14%	Private Investment/Household	8,430
YHC/YG staff as % all	13%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	21
Social	3	Total 2018-2022	-3
Staff	12	2013-2018 (Ave/Yr)	4
<b>YHC Programs</b>	0	2018-2022 (Ave/Yr)	-1
Mortgage loans	10		
Home repair	6		
Owner Build	4		
Rental Rehab/suite	2		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## **Faro**

### **Key Trends in Community**

Faro was originally built to service the Faro lead-zinc mine. Faro's population reached close to 2,000 people in the 1980s. The population dropped precipitously in 1993-94 and again in 1998-2000 following the closure of the Faro mine. In this century, the population has hovered around the 400 mark. Faro has surprisingly not apparently benefited from more recent mining developments in the last few years.



As a result of the mine closures, there remains a large amount of vacant housing in Faro: 277 of the 444 dwellings are unoccupied. Most of these unoccupied units consist of “plex” type buildings (2 to 6 units); almost all of the single-family units are currently occupied. About 240 of the unoccupied units are in property tax arrears, but the municipality is hesitant to seize them as they are essentially unsellable. The municipal government already owns another 30.

YHC owns 24 units (14 staff, 10 social) in Faro including a recently built seniors’ 6-plex. However, 5 of the formerly staff housing units are boarded up due to weak demand. There is no First Nation Housing in the community.

Faro has seen some activity in its real estate market, with about three houses a year changing hands. These houses have sold for very low prices, between \$50,000 and \$60,000 per year.

Ignoring potential demand from new residents moving in or out, natural population change over the next 5 years is expected to result in contracting growth and no additional requirements for housing. However, this will be offset in the subsequent 5 years, resulting in no net change in demand over 10 years.

### **Issues and Challenges Identified**

Faro’s ambition is to become another Elliot Lake: i.e. a dormitory community either for retired people or for miners who work in fly-in fly-out operations elsewhere. However, the town faces a number of obstacles.

There are no available empty building lots. Most of the plex buildings are on one lot. So to sell them would require surveying and subdividing the lots on which they stand, as condominium tenure is not likely to be sellable in Faro (although freehold strata titles may be less expensive than formal subdivision). As well, there might be zoning changes required before these lots could be redeveloped for more appropriate or popular housing forms.

A lack of private rental housing for people who might want to “try out” the community has also been identified. As well, the lack of readily available housing and of building lots might prevent government staff from buying or building in the community.

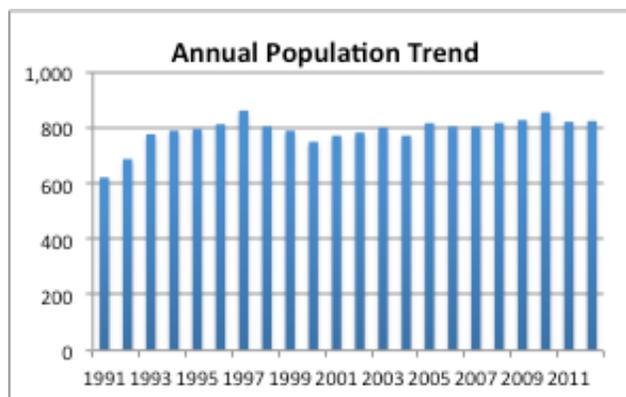
<b>Community Profile</b>	<b>Faro</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	372	YHC Social	6
Population change 2006-12	-3.6%	YTG Staff	0
Average/yr	-0.6%	FN	0
<b>Households(2011 census)</b>		Private (and other govt)	4
1 person	36%	Total New (2006-11)	10
2 persons	39%	New Dwellings - Average/year	2
3+ person	24%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	395	Dwellings Sold (2006-2012)	63
Type of Dwelling:		Ave sales/yr	10.5
SFD	71%	Average Price (2006-12)	\$67,933
Mobile	6%	Ave Price 2012	\$82,167
Semi/Row/Apt/Other	24%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	2
YHC Social	10	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings	14	New Construction	2,461,010
First Nations Dwellings	-	Renovation and additions	698,835
Rest = Private (plus other public)	401	Gross housing investment	3,226,725
% owned (excluding FN) in 2006	73%	Private - Individual	882,195
% in need of major repair in 2006	17%	Private Investment/Household	2,233
YHC/YG staff as % all	6%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	-5
Social	0	Total 2018-2022	6
Staff	0	2013-2018 (Ave/Yr)	-1
<b>YHC Programs</b>	0	2018-2022 (Ave/Yr)	1
Mortgage loans	6		
Home repair	10		
Owner Build	0		
Rental Rehab/suite	0		
<b>Notes:</b>			
Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census			
New dwellings based on building permits, may vary slightly from actual starts			
Private residential investment ignores FN or YTG, and is based on total dwellings			
HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)			

## **Haines Junction**

### **Key Trends in Community**

Haines Junction is mid-range in size, among communities outside Whitehorse.

It has maintained relatively constant population (0.4% average growth since 2006) on an annual basis, but has a high level of seasonal change and related accommodation need.



Housing is predominantly detached dwellings with 10% of stock YHC/YTG, augmented by Parks Canada and other federal staff.

Haines Junction experienced a relatively high level of new housing activity, including new construction, renovation, and home sales. Housing starts since 2006 total 51, including 9 for YHC seniors housing. First Nations starts were minimal (2). Home sales totalled 45, the highest outside of Whitehorse (especially compared to the larger communities of Dawson City and Watson Lake).

Level of private investment is by far the highest in Yukon. This is also reflected in higher than average use of YHC lending programs, compared to other communities outside of Whitehorse. There have been 22 loans since 2006, including 9 self build.

Ignoring economic growth and migration, natural population change will create modest demand for 3-4 new dwellings per year, consistent with recent levels.

### **Issues and Challenges Identified**

Haines Junction appears to face fewer constraints than other communities. There is a plentiful supply of residential lots, although most are country residential and also some multiple unit lots.

Local residents reaching retirement are tending to remain in Haines Junction. This creates two challenges: housing will be required for new replacement employees; there may also be demand for different dwelling types – to enable retirees to downsize. It is unclear if private investment will create such options, or whether there is a potential role for YHC to assist as developer (then selling on into condo market). There may also be an emerging need for supported independent living for aging seniors.

The issue of YTG staff housing was identified as an irritant, mainly due to the perceived low rents. It was suggested that staff housing be time limited, and those staff that enjoy living in the community be encouraged and possible assisted to buy or build, recycling housing for other new staff. While currently there is no waiting list for staff housing, this

varies over time, so more mobility among staff (moving to private market) could help to meet future requirements.

Despite a comparatively healthy housing system, lending values relative to cost remain challenging and this creates constraints in accessing private financing. There is some evidence of private lender reluctance with an example of a self builder who contributed 50% and used private financing to cover remaining 50% of cost. Despite a relatively small loan as a percentage of cost, the lender still required CMHC mortgage insurance, adding a \$5,000 premium to the cost of building. So YHC's mortgage programs could potentially be expanded here. This is close to being a functioning market, so options to encourage and support private lending should be examined.

A critical area of housing pressure exists on the Champagne and Aishihik First Nations. The housing manager identified an immediate need for 25 new homes. Recent capital funding has been allocated almost exclusively to rehabilitation. One new multi unit (3 units) was constructed for elders, which allowed former homes to be reallocated to families needing larger dwellings. Along with a limited capital allocation, issues related to land registration and financing on Settlement Lands are a barrier to higher volumes of new construction.

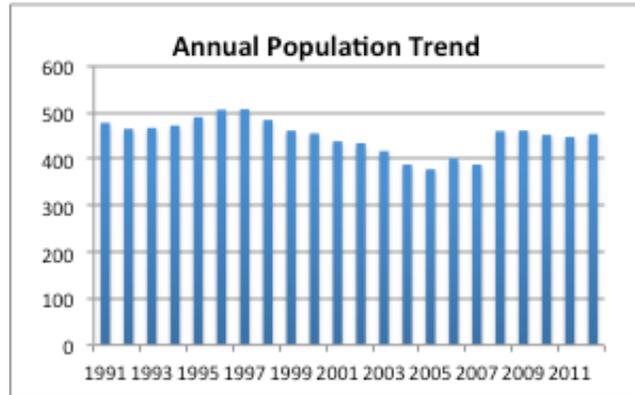
The First Nation has, however, entered into an agreement with the First Nation Market Housing Fund to secure financing, and is to date the only Yukon FN utilizing this financing option. There may be an opportunity for YHC lending to further assist in addressing this demand, for example with some form of chattel loan program.

<b>Community Profile</b>	<b>Haines Junction</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	824	YHC Social	9
Population change 2006-12	2.4%	YTG Staff (transferring from social)	1
Average/yr	0.4%	FN	2
<b>Households(2011 census)</b>		Private (and other govt)	39
1 person	33%	Total New (2006-11)	51
2 persons	37%	New Dwellings - Average/year	10.6
3+ person	33%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	301	Dwellings Sold (2006-2012)	45
Type of Dwelling:		Ave sales/yr	7.5
SFD	77%	Average Price (2006-12)	\$165,947
Mobile	10%	Ave Price 2012	\$279,100
Semi/Row/Apt/Other	13%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	59
YHC Social	22	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	7	New Construction	5,417,090
First Nations Dwellings	38	Renovation and additions	4,642,083
Rest = Private (plus other public)	234	Gross housing investment	10,410,593
% owned (excluding FN) in 2006	57%	Private - Individual	6,944,553
% in need of major repair in 2006	17%	Private Investment/Household	23,072
YHC/YG staff as % all	10%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	14
Social	1	Total 2018-2022	-4
Staff	0	2013-2018 (Ave/Yr)	3
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	-1
Mortgage loans	6		
Home repair	6		
Owner Build	9		
Rental Rehab/suite	1		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## Mayo

### Key Trends in Community

Mayo has experienced considerable ebb and flow in its population (include Keno and Elsa). While a little below the peak, the recent 6 years have seen an upward trend, causing some pressure on the housing system.



Population growth matches that of the Territorial average at 2.2%/yr.

Given the size of the community (454 people), there has been a moderately active housing resale market – averaging three sales a year, although average prices are quite low, suggesting older homes. There has been some new construction, including 8 privately constructed homes since 2006, slightly exceeded by First Nation which account for just half of all starts.

The housing stock is dominated by social/staff and First Nations homes. Generally state of repair is good, with need for major repair at 17%, only just above the Yukon/national average.

There are a disproportionately large number of single persons – making up almost half of all households, which represents a mismatch with the predominantly (91%) single detached stock (albeit many quite small).

Many of these are seniors. Local YHC office undertook a seniors housing survey and has determined demand for a small seniors multiplex (4-6 apartments).

Again reflecting large proportion of First Nation residents, the projected natural population growth is positive and will create demand for 1-2 homes per year.

As discussed below, potential demand related to nearby mining operations may augment these requirements, but this is subject to availability of land and homes for purchase.

### Issues and Challenges Identified

Various local informants highlighted a lack of housing, constrained by very limited available serviced land. The municipality is working with Community Services to bring potentially 10 country residential lots on stream. However, the anticipated land cost, based on cost recovery is seen as quite high, and thus impacts the cost of new homes, which will be well above existing values in the community.

In undertaking this land development the village may seek to collaborate with NND and is also exploring opportunity for some form of investment partnership with the mining industry.

Housing need is especially acute among First Nations, where aging population is also creating a need for homes suitable for elders. The NND has a waiting list for 60+ homes. Currently they have 3-4 lots available for development on FN lands.

Given the housing shortage, there has been some entrepreneurial activity with one landowner constructing cottages for rent – essentially small cabins targeting singles and couples. These are renting at \$1,000 per month, suggesting opportunities for market-based development. This may be achievable with smaller dwellings where land is available at moderate cost. It is unknown if there are other potential investors, and whether access to financing for such ventures is a challenge,

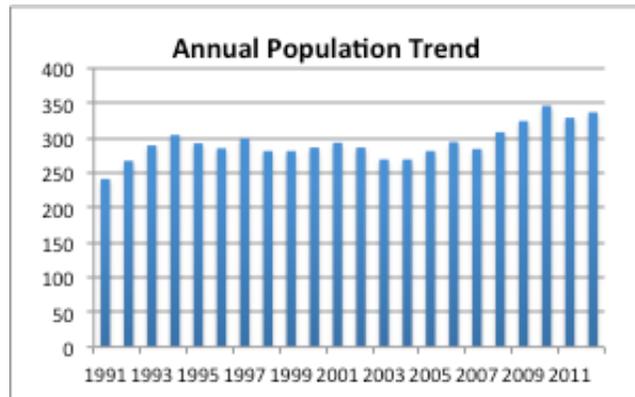
<b>Community Profile</b>	<b>Mayo</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	454	YHC Social (includes some in 2012)	0
Population change 2006-12	13.2%	YTG Staff (via using former social)	-1
Average/yr	2.2%	FN	12
<b>Households(2011 census)</b>		Private (and other govt)	10
1 person	48%	Total New (2006-11)	22
2 persons	30%	New Dwellings - Average/year	4.4
3+ person	22%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	242	Dwellings Sold (2006-2012)	19
Type of Dwelling:		Ave sales/yr	3.2
SFD	91%	Average Price (2006-12)	\$50,105
Mobile	0%	Ave Price 2012	\$61,250
Semi/Row/Apt/Other	9%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	20	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	6	New Construction	2,626,796
First Nations Dwellings	77	Renovation and additions	881,760
Rest = Private (plus other public)	139	Gross housing investment	3,650,856
% owned (excluding FN) in 2006	60%	Private - Individual	1,582,372
% in need of major repair in 2006	17%	Private Investment/Household	6,539
YHC/YG staff as % all	11%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	11
Social	0	Total 2018-2022	5
Staff	0	2013-2018 (Ave/Yr)	2
<b>YHC Programs</b>	0	2018-2022 (Ave/Yr)	1
Mortgage loans	2		
Home repair	5		
Owner Build	1		
Rental Rehab/suite	0		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## **Pelly Crossing**

### **Key Trends in Community**

Pelly crossing is a predominantly First Nations community. There is almost no privately owned housing. The non First Nation Housing is all staff housing (Yukon Housing, RCMP and Yukon College).

The population increased since 2007 following the opening of the Minto mine and the employment of a number of Selkirk First Nation citizens.



As with most First Nations Communities, there is a relatively high need for major repair (35% of units in 2006). In recent years, the First Nation built more than 20 additional units, investing close to \$3 million. YHC owns 11 staff housing units and no social housing. Three of these units have been build since 2006.

Using projections based on the current age structure of the population, it appears that only two new units will be needed over the next five years. In the following five-year period, eight new units will be required each year starting in 2018.

### **Issues and Challenges Identified**

Despite the substantial increase in the number of new units, a shortage persists. In addition to meeting the current shortage, new units will be required to serve the increasing adult population. Only one unit is forecast to be needed in immediate near future. However, starting in 2018, more than one new dwelling per year will be required to account for household formation.

Although new units have been built, relatively little was invested in renovating the existing stock compared to other communities so it is likely that there is a considerable amount of housing requiring major repairs.

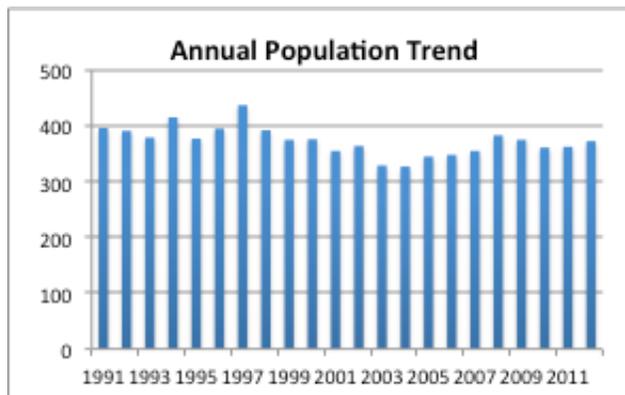
<b>Community Profile</b>	<b>Pelly Crossing</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	337	YHC Social (includes some in 2012)	0
Population change 2006-12	14.6%	YTG Staff (via using former social)	3
Average/yr	2.4%	FN	24
<b>Households(2011 census)</b>		Private (and other govt)	0
1 person	30%	Total New (2006-11)	24
2 persons	26%	New Dwellings - Average/year	4.8
3+ person	44%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	132	Dwellings Sold (2006-2012)	n/a
Type of Dwelling:		Ave sales/yr	n/a
SFD	92%	Average Price (2006-12)	n/a
Mobile	4%	Ave Price 2012	n/a
Semi/Row/Apt/Other	8%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	0	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	11	New Construction	2,584,800
First Nations Dwellings	112	Renovation and additions	626,015
Rest = Private (plus other public)	9	Gross housing investment	3,223,775
% owned (excluding FN) in 2006	33%	Private - Individual	25,415
% in need of major repair in 2006	35%	Private Investment/Household	193
YHC/YG staff as % all	8%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	2
Social	0	Total 2018-2022	5
Staff	1	2013-2018 (Ave/Yr)	0
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	1
Mortgage loans	0		
Home repair	0		
Owner Build	0		
Rental Rehab/suite	0		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## Ross River

### Key Trends in Community

Although there is some private housing, Ross River is a predominantly First Nation community. Over 80% of the population was aboriginal according to the 2006 Census.

Ross River's population has fluctuated around between 325 and 400 depending on the fortunes of the mining industry. Somewhat surprisingly, the two closures of the Faro mine in the 1990s resulted in small and short-lived population spikes. Ross River residents are currently benefiting from employment opportunities provided by the Yukon Zinc Wolverine mine as well as other mining exploration and development activity in the area. However, this does not seem to have affected the population much. The advanced mining projects in the area include the Mactung tungsten deposit at the NWT border on the Canol road, the Ketz River Mine gold, and Chihong's lead-zinc deposit at Howard's Pass.



Despite the relatively constant population, there has been considerable new construction activity in the community, with about 5 new dwellings built per year since 2006 (24 total). These have almost all been government housing, with the First Nation building between one and three units per year, Yukon Housing building seven and the RCMP two new units.

About 70% of dwellings in Ross River are owned by the First Nation. YHC owns half the remainder and the others are mostly privately owned. The Yukon housing stock consists of 21 social housing units and 12 staff. Four of the social housing units are boarded up. Given the small amount of private housing, there have been few real estate sales.

There are currently no Yukon government lots for sale in Ross River and the First Nation has run out of land to build on. Assuming no migration, forecast population changes will lead to a need for at least one unit per year over the next five years and more than two units after that. However, a housing strategy prepared in the late 2000s identified a need for building 6 new houses a year just to deal with the backlog of demand.

### Issues and Challenges Identified

With a capital budget is about \$600,000 per year, the First Nation is hard pressed to meet its housing needs. A housing strategy identified the need for the construction of six new units per year in addition to upgrade and renovation needs. The \$600,000 must also be used for other capital projects such as infrastructure.

The Ross River Dena Council is one of the three remaining Yukon First Nations that have not signed Land Claims and Self Government Agreements, so they are still subject

to Indian Act funding. It also means that there is considerable land under “interim protection”, which cannot be used for new construction. Although that interim protection is scheduled to be removed in 2013, opinion is that it will be extended. The First Nations currently does not have any available serviced lots except for a handful where the houses have burned down.

The only place where the First Nation could build additional housing (i.e. on “land set aside” not under interim protection) is across the Pelly River at the confluence of the Ross River, the old village site from where the population was forcibly removed in the 1950s. The First Nation is anxious to do so, and has been examining it since the late 1990s. The First Nation even engaged the services of renowned architect Douglas Cardinal to design the subdivision, but funding is yet been available to proceed with the project. An almost completed engineering study shows that the site is ideal for new housing, except that it is across the Pelly River where there is no permanent year-round crossing (ferry in summer, ice bridge in winter, but no means of crossing with vehicles during freeze-up and break-up).

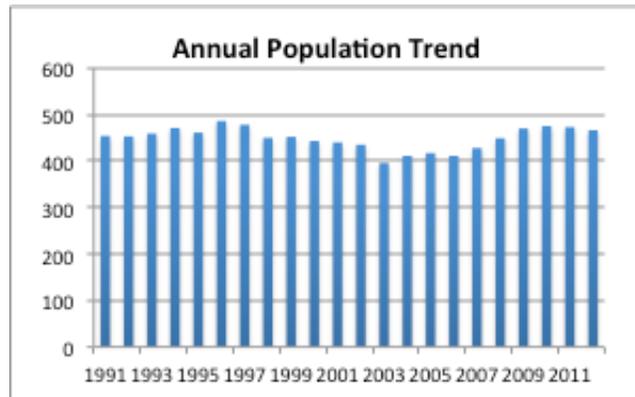
In 2006, Ross River had a fairly high percentage of housing in need of major repairs. The First Nation dedicated all of Northern Housing Trust Fund money to improving the condition of its housing stock. However, the “warm permafrost” soil conditions in the settlement result in rapid deterioration of housing and other structures as it is very difficult to build appropriate foundations. Techniques that work in areas with colder permafrost do not work as well in Ross River, resulting in unstable foundation and building movement.

<b>Community Profile</b>	<b>Ross River</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	373	YHC Social (includes some in 2012)	7
Population change 2006-12	7.2%	YTG Staff (via using former social)	-1
Average/yr	1.2%	FN	15
<b>Households(2011 census)</b>		Private (and other govt)	5
1 person	n/a	Total New (2006-11)	24
2 persons	n/a	New Dwellings - Average/year	4.8
3+ person	n/a	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	184	Dwellings Sold (2006-2012)	9
Type of Dwelling:		Ave sales/yr	1.5
SFD	n/a	Average Price (2006-12)	\$56,153
Mobile	n/a	Ave Price 2012	**
Semi/Row/Apt/Other	n/a	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	21	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	12	New Construction	1,956,540
First Nations Dwellings	129	Renovation and additions	1,216,274
Rest = Private (plus other public)	22	Gross housing investment	3,185,934
% owned (excluding FN) in 2006	50%	Private - Individual	208,805
% in need of major repair in 2006	38%	Private Investment/Household	1,135
YHC/YG staff as % all	18%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	3
Social	0	Total 2018-2022	11
Staff	0	2013-2018 (Ave/Yr)	1
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	2
Mortgage loans	1		
Home repair	1		
Owner Build	0		
Rental Rehab/suite	0		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## **Teslin**

### **Key Trends in Community**

The community of Teslin has two parts: the Village of Teslin and Reserve land owned by the Teslin Tlingit Council First Nation. Teslin is a majority First Nation community with close to two-thirds of the population being aboriginal according to the 2006 Census.



Over the last 10 years, the population has fluctuated between 400 and 475, increasing to 463 in 2012.

There has been considerable new construction activity in the community relative to the population, with more than 6 new dwellings built per year since 2006 (32 total). About one-third (11 units) were private dwellings, 13 were built by the First Nation and the rest by YHC.

About 45% of dwellings in Teslin are owned by the First Nation government while YHC social and staff housing constitutes another 20% of the stock. The remaining dwelling units (57) are mostly privately owned. The Yukon housing stock consists of 21 social housing units and 9 staff. Despite the small amount of private housing, there has been a relatively large number of house sales since 2006—23 since 2006, indicating that not far from half of dwelling units have changed hands.

Although there are currently no Yukon government lots for sale in Teslin, the construction of the Sawmill Road subdivision, a joint venture between the Teslin Tlingit Council and the Yukon Government should eventually bring 50 lots on the market in 2013, alleviating any shortage. Assuming no migration, forecast population changes will lead to a need for at least one unit per year over the next five years and fewer units after that.

### **Issues and Challenges Identified**

As in most rural communities the First Nation is facing a housing shortage. While there is currently no available land, the coming on stream of the first phase of the Sawmill Creek subdivision will result in sufficient country residential land being available, both for the First Nation and for private ownership. The First Nation is also prepared to lease their lots in that subdivision. However, potential builders are likely to be facing difficulty in obtaining financing.

The lack of rental housing is a major problem in the community. The First Nation is facing difficulty in recruiting non-citizens as no rental housing is available and is requesting access to Yukon Housing staff housing. However, there is typically no vacant YTG Staff Housing and First Nation staff would not want to pay 25% of their wages if

they were in social housing. In the past, one Yukon Housing social housing tenant paid more than \$1,600 per month in rent in social housing but there were no alternatives in the private market.

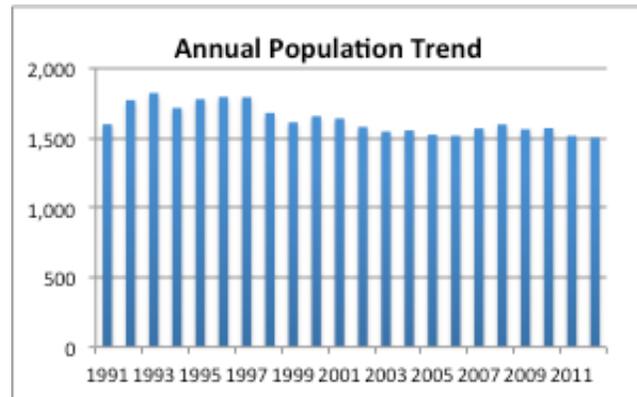
As a result, staff housing can be resented by community members, where highly paid government employees pay \$600 per month rent. Some community residents believe that tenure in staff housing should be time limited so that after 2 years staff either purchase or build in the community.

<b>Community Profile</b>	<b>Teslin</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	466	YHC Social (includes some in 2012)	8
Population change 2006-12	13.4%	YTG Staff (via using former social)	-1
Average/yr	2.2%	FN	13
<b>Households(2011 census)</b>		Private (and other govt)	11
1 person	39%	Total New (2006-11)	32
2 persons	30%	New Dwellings - Average/year	6.4
3+ person	17%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	159	Dwellings Sold (2006-2012)	23
Type of Dwelling:		Ave sales/yr	3.8
SFD	91%	Average Price (2006-12)	\$155,184
Mobile	0%	Ave Price 2012	**
Semi/Row/Apt/Other	9%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	0
YHC Social	21	<b>\$ Residential Investment (2006-2011)</b>	0
YTG Staff Dwellings 2012	9	New Construction	5,067,814
First Nations Dwellings	72	Renovation and additions	1,250,103
Rest = Private (plus other public)	57	Gross housing investment	6,570,107
% owned (excluding FN) in 2006	0%	Private - Individual	2,095,039
% in need of major repair in 2006	0%	Private Investment/Household	13,176
YHC/YG staff as % all	19%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	4
Social	0	Total 2018-2022	2
Staff	0	2013-2018 (Ave/Yr)	1
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	0
Mortgage loans	3		
Home repair	2		
Owner Build	2		
Rental Rehab/suite	0		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## **Watson Lake**

### **Key Trends in Community**

The third largest community in the Yukon, Watson Lake (and adjoining periphery—Upper Liard, Two-Mile-Village and Two-and-a-half-Mile Village) has recent seen a small fluctuation in population, with minor increase in 2005-06 followed by a decline. The Population in 2012 is 1% lower than in 2006.



Families with 3+ people make up only 31% of the population, but two-thirds of dwellings are detached homes.

Subsidized YHC/YTG housing has a significant impact, accounting for one-fifth of all housing while First Nation housing represents a further one-third (150 dwellings).

Given the size of the community, additions to the housing stock have been minimal. While 12 new seniors' social housing units were added in the past six years, the number of private dwellings has declined. As well, four older seniors housing units are being refurbished and transferred to staff housing. A significant 25% of stock is in need of major repair, compared to the Yukon average of 15%.

That said, residents appear to be undertaking repairs and improvements with per capita spending on private dwellings one of the highest across all communities (second to Haines Junction). Ten owners have used the YHC home repair program and one other has added a rental suite.

Home resales are low given the size of the community, and the average sale value of \$155,000 is well below replacement cost for new homes. Reflecting constraints on access to private financing, four buyers have used the YHC mortgage program.

Assuming no in-migration, housing requirements are expected to remain relatively constant despite the young First Nation population reaching household formation age. A decline of in requirements of two dwelling units over the next five years will be offset by a small increase of seven units over the following five years.

### **Issues and Challenges Identified**

A Village economic development committee has identified a lack of housing as one of the largest deterrents to local economic development. This is exacerbated by a lack of serviced building lots. Currently there are no Yukon government serviced lots available, either within the village or as country residential. There are 2-3 private lots and some mobile lots. The Village has lands designated in Official Plan but not serviced

Lot development within the village is also impacted by pending First Nation land claims, as a number of lots have been put under “interim protection”. Although that interim protection is scheduled to be removed in 2013, opinion is that it will be extended. Note that the First Nation cannot use those lots either. While lots may become available on serviced streets, in the future these are not immediately available.

The First Nation does have 25 serviced lots on settlement land outside the Watson Lake municipal boundaries (15 at Two-Mile Village). However, capital funding is insufficient for the First Nation to build much new housing. The Liard First Nation housing manager identified an immediate need for 50 new houses.

Infrastructure (servicing is seen as an issue, pushing lot prices up over \$60,000. High service standards are seen as a contributing factor. The Village is considering developing country residential lots with minimal standards (i.e. no street lighting, unpaved roads) as a way to offer more affordable lots.

While people have incomes to afford moderate rent, there are few rental options available. The economic development committee has highlighted this area. But given uncertainty and risk in these resource based small towns, it is difficult to attract private investment in rental (and it is noted that rental investment is low across all communities in Canada, so this is not a unique Yukon issue. Nonetheless, they could be a role for YHC acting as rental developer, but at “market” rents not subsidized rents.

The First Nation has developed an innovative solution for single people housing. It is using the rooms in the Campbell Block of the old Watson Lake Hotel as single people housing. The Liard First Nation purchased the hotel a number of years ago, but the main structure burned down in 2010. The rooms do not have cooking facilities other than a microwave and a hot plate, but the LFN is looking at adding them.

The issue of low subsidized rents in YTG staff housing was noted as an irritant and deterrent to development of an effective better functioning rental market that might attract investment is not competing with the unrealistically low rents in staff accommodations.

While natural growth is expected to add negligible requirements for new housing, the economic development committee has identified a number of areas of potential employment growth that may cause in migration and new housing demand. These include expansion in the forestry industry, some spillover service and employee requirements for mining operations and employees in the long haul transportation industry – Watson Lake is a mid-way point between tidewater and Whitehorse for the Cantung and Yukon Zinc mines.

<b>Community Profile</b>	<b>Watson Lake</b>		
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>	
Population 2012 (Health data)	1502	YHC Social (includes some in 2012)	12
Population change 2006-12	-0.9%	YTG Staff (via using former social)	3
Average/yr	-0.1%	FN	12
<b>Households(2011 census)</b>		Private (and other govt)	16
1 person	29%	Total New (2006-11)	42
2 persons	41%	New Dwellings - Average/year	8.4
3+ person	31%	<b>Residential sales</b>	
<b>Dwellings (Estimate)</b>	417	Dwellings Sold (2006-2012)	61
Type of Dwelling:		Ave sales/yr	10.2
SFD	67%	Average Price (2006-12)	\$106,591
Mobile	17%	Ave Price 2012	\$143,917
Semi/Row/Apt/Other	16%	<b>Land Availability</b>	
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012)	2 (+6 mobile)
YHC Social	46	<b>\$ Residential Investment (2006-2011)</b>	
YTG Staff Dwellings 2012	34	New Construction	7,069,040
First Nations Dwellings	150	Renovation and additions	2,211,180
Rest = Private (plus other public)	187	Gross housing investment	9,665,320
% owned (excluding FN) in 2006	56%	Private - Individual	2,326,515
% in need of major repair in 2006	25%	Private Investment/Household	5,579
YHC/YG staff as % all	19%	<b>Dwelling Projection - Zero Migration</b>	
<b>Wait List (Dec 2012)</b>		Total 2013-17	-2
Social	3	Total 2018-2022	7
Staff	5	2013-2018 (Ave/Yr)	0
<b>YHC Programs</b>		2018-2022 (Ave/Yr)	1
Mortgage loans	4		
Home repair	10		
Owner Build	0		
Rental Rehab/suite	1		
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>		

## Whitehorse

### Key Trends in Community

Whitehorse is by far the largest and dominant community and the one centre with an active well functioning housing. Since 2006, the population has expanded by 2.6% annually, which is larger than the overall Yukon average (2.2%) and as a share of total territorial population

Whitehorse has increased from 72% in 1991 to 76% of total population by 2012. While much of the migration to and from the Yukon is related to the mining and exploration sector, this has a substantial impact on Whitehorse as most service industries are located there.

On average, roughly 240 new homes have been constructed per year since 2006 (this includes some social housing, but excludes repurposing of the Canada Games Athletes Village to create 47 seniors units in 2007).

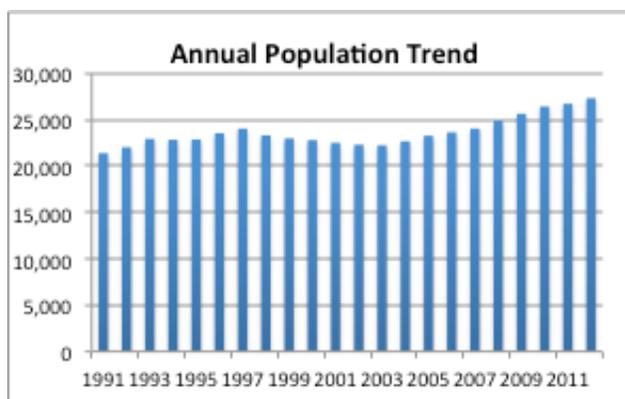
Annual home sales have averaged 430 sold per year. New residential construction and renovation activity in Whitehorse between 2006 and 2011 has totalled over \$250 million in value with most of this (76%) coming from private household investment. However, this is low on a per capita (household) basis compared to many of the smaller communities.

Compared to the other communities Whitehorse has a more balanced mix of households, with 2 in 5 being families with children. But unattached and two person households are also significant. The built form is also much more diverse with detached dwellings accounting for only 59% of all homes. This reflects both a more urban labour force as well as a market response to relatively high home prices for detached dwellings.

The average price for a detached home in late 2012 approached \$450,000 and was up by over 100% compared to 2005. The mix of lower priced semi, row and condo units has, however, helped to manage down the overall average price. In the last few years, dwelling starts have been for multiple forms, mainly condominiums. In part while responding to demand, it also reflects a limited supply of building lots for detached homes.

There have been significant land constraints, although with the opening of the Whistle Bend subdivision in late 2012, this constraint is largely addressed. There are nonetheless some concerns about lot pricing, which are seen as high and therefore cater only to higher cost homes.

There is a small and aging rental stock with very little new private investment in new rental construction. Rents reflect the age of the stock and remain modest (2012 median = \$850) but rents, like home prices, have seen a steady increase in the face of migration-



based demand since 2005. The median rent has increased by 23% since 2006 and vacancies are few (1.5% in December 2012).

### *Issues and Challenges Identified*

Discussions with industry representatives identified a range of issues in Whitehorse, much related to concerns about the high cost to buy and whether this may become a barrier to new migrants considering coming to the Yukon.

One issue raised by industry representatives was a perception of limited availability of data. Unlike many larger cities for which CMHC published monthly housing market data, developers and realtors in Whitehorse feel they do not receive as much information or it is more delayed in release, which impacts their ability to react to market trends. While YBS does collect and publish data this comes in quarterly reports that are usually a few months behind.

Developers noted the shift to more multi-unit buildings, but suggested that this in part reflected the very limited availability of lots for construction of detached homes in 2009-11. Note however, that while condos did add significantly, the number of detached homes was also up in 2011-12.

While many of the developers have participated in the multi-unit part of the market there remains some uncertainty about how much depth there is for new condo product and whether this demand is sustainable. While Whitehorse functions as an urban market, many migrants come with a desire for larger lots and acreage, so the potential market for denser urban forms is questionable.

Developers were keenly aware of the limited supply of rental housing and the need to have lower rent units to meet requirements for lower income households but reinforced the view that this is high risk and does not generate sufficient yield to motivate development. Some believed that some form of partnership or joint venture with YHC may be one way to address this issue. With government as a partner, potentially providing an occupancy or rent revenue guarantee much of the risk would be managed and it would be easier to secure financing as well as to generate a reasonable return on investment.

Opportunities for entry-level first time buyers were discussed. There have been sales in the entry-level range, roughly \$300,000-400,000, but the inventory is quite small. Builders indicated that it is possible to bring townhome/row product on market in this range, but access to appropriately priced land is a challenge (an issue to explore also with the City of Whitehorse).

While the labour market for construction workers remains tight, this is not currently seen as a major constraint – builders indicated that prices have risen over those 5-6 years ago but are now stabilizing.

Access to financing is not seen as a serious problem in Whitehorse. Overall, the industry favours incentives and assistance to help create supply and cautioned against demand side

assistance as in the face of limited new construction (especially in entry level range) this will simply inflate prices.

Separate conversations with community sector and anti-poverty advocates also highlighted the very limited options for lower income households. With low vacancy rates and minimal new rental, there is pressure in the lower priced stock. Many experience serious affordability challenges. There is currently a waiting list of 87 households seeking social housing assistance in Whitehorse. Given the very small rental stock there is a need to respond via supply approaches as well as initiatives to increase flow of higher income households out of social housing (in absence of moderately priced alternatives some remain even if 25% of income exceeds market rent).

<b>Community Profile</b>	<b>Whitehorse</b>	
<b>Demographics</b>		<b>New dwellings since 2006 (Build permits)</b>
Population 2012 (Health data)	27,323	YHC Social 89
Population change 2006-12	15.6%	YTG Staff 0
Average/yr	2.6%	FN n/a
<b>Households(2011 census)</b>		Private (and other govt) n/a
1 person	29%	Total New (2006-11) 1203
2 persons	33%	New Dwellings - Average/year 240.6
3+ person	38%	<b>Residential sales</b>
<b>Dwellings (Estimate)</b>	11167	Dwellings Sold (2006-2012) 2592
Type of Dwelling:		Ave sales/yr 432.0
SFD	59%	Average Price (2006-12) \$299,768
Mobile	9%	Ave Price 2012 \$349,881
Semi/Row/Apt/Other	32%	<b>Land Availability</b>
<b>Type of Stock (2012)</b>		YTG Lots for Sale (Feb 2012) 88
YHC Social	428	<b>\$ Residential Investment (2006-2011)</b>
YTG Staff Dwellings 2012	0	New Construction n/a
First Nations Dwellings	118	Renovation and additions n/a
Rest = Private (plus other public)	10,621	Gross housing investment \$254,056,000
% owned (excluding FN) in 2006	68%	Private - Individual n/a
% in need of major repair in 2006	15%	Private Investment/Household n/a
YHC/YG staff as % all	4%	
<b>Wait List (Dec 2012)</b>		<b>Dwelling Projection - Zero Migration</b>
Social	87	Total 2013-17 658
Staff	n/a	Total 2018-2022 142
<b>YHC Programs</b>		2013-2018 (Ave/Yr) 132
Mortgage loans	156	2018-2022 (Ave/Yr) 28
Home repair	606	
Owner Build	18	
Rental Rehab/suite	46	
<b>Notes:</b>	<p>Dwelling counts estimates using Assessment data to add dwellings outside municipal boundary used in Census</p> <p>New dwellings based on building permits, may vary slightly from actual starts</p> <p>Private residential investment ignores FN or YTG, and is based on total dwellings</p> <p>HH projections ignore migration so reflect ONLY natural growth (migration too volatile to be meaningful)</p>	

## **Appendix B: Data and methodology for housing projections**

### **Methodology**

Projecting future housing requirements generally involves three steps: (1) Projecting the future population, (2) turning that future population into numbers of households, and (3) computing the increase in the number of households between two years yielding the amount of new housing required to be built.

A number of methods can be used to project future population. The simplest is to apply a percentage growth rate to the base year population. However, determining the appropriate percentage growth rate is a difficult problem. Most population projections attempt to project the number of births and deaths and add a migration component.

There are two approaches to this second method: using crude birth, death rates and migration rates for the whole population, or using age-specific birth and death rates and age-specific migration assumptions.

The biggest problem in projecting population is forecasting future migration. Forecasting natural population growth is straightforward: published birth rates and death rates are applied to specific age groups. Migration is much more problematic, and it becomes worse as the population becomes smaller. Small changes in migration can have large effects, and migration is typically volatile.

The main determinants of migration are economic. Good economic times lead to in-migration while increased unemployment and reduced economic opportunities lead people to leave a region or community. However, the relationship is not simple; it may also depend on a number of “pull factors”, which may include local amenities, housing, cost of living, etc. Longer term forecasts of economic activity are notoriously difficult to develop, especially in a jurisdiction like the Yukon which has been subjected to large boom and bust cycles.

Once we have population projections, they need to be translated into the number of households. The simplest way is to divide the population by the average household size. However, this can mask important demographic shifts. A better way is to use “headship rate” or the proportion of people in each age-sex group who are household maintainers. The housing requirements are simply the difference in the projected number of households between two years. An average annual requirement can also be calculated.

### **Whitehorse YBS-based forecast**

For one of the two Whitehorse forecast, we used Yukon Bureau of Statistics population projections for Whitehorse, but developed our own for the rural communities. We obtained the unpublished latest set of detailed projections from the Yukon Bureau of Statistics, which are somewhat different than the last ones published in 2011.<sup>10</sup> These

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<sup>10</sup> YBS, Population Projections to 2021, Information Sheet 66.13—December 2011, <http://www.eco.gov.yk.ca/stats/pdf/Projections2011.pdf>

projections were based on the 2012 and used the migration patterns experienced by the Yukon in the last 10 years.

Population is projected to increase from 27,323 in 2012 to 32,263 after 10 years in 2022 and, in 25 years, to 38,862 in 3037. Percentage annual growth rates decline slightly, going from 1.8% from 2012 to 2013 to 1.4% from 2036 to 2037. This compares with an annual average growth rate of 2.0% from 2002 to 2012 and 1.1% annually from 1992 to 2012.

To get from population to housing requirements, we used headship rates obtained from the 2006 Census for Whitehorse. This assumes that housing preferences and actual patterns in 2006 should continue.

The headship rates for Whitehorse were:

**Table 3 Household headship rates, Whitehorse**

	Headship rate
Total	0.502
Females	
Total females	0.457
Under 25 years	0.112
25 to 34 years	0.513
35 to 44 years	0.483
45 to 54 years	0.524
55 to 64 years	0.540
65 to 74 years	0.577
75 years and over	0.733
Males	
Total males	0.549
Under 25 years	0.096
25 to 34 years	0.490
35 to 44 years	0.646
45 to 54 years	0.718
55 to 64 years	0.695
65 to 74 years	0.731
75 years and over	0.608

These were calculated by dividing the number of household maintainers by the total population in each age-sex group in the Whitehorse Census Agglomeration from the 2006 Census.

Applying these headship rates to the projected population yields the following total household and housing requirements forecasts:

**Table 4 Projected Total Households and Housing Requirements, Whitehorse, 2013-2037**

	Total Households	Additional Annual Housing Requirements
2012	11,669	
2013	11,975	305
2014	12,272	298
2015	12,578	306
2016	12,881	302
2017	13,193	313
2018	13,477	284
2019	13,757	280
2020	14,023	266
2021	14,290	267
2022	14,559	269
2023	14,824	266
2024	15,094	270
2025	15,349	255
2026	15,615	266
2027	15,875	260
2028	16,121	246
2029	16,383	262
2030	16,630	247
2031	16,865	235
2032	17,116	251
2033	17,357	241
2034	17,598	240
2035	17,836	238
2036	18,080	244
2037	18,335	255

Housing requirements are expected to decline gradually, going from about 300 new dwellings required each year in the near future to about 250 per year in the 2030. The decline is expected to accelerate from 2018 and stabilize after 2020 to between 260 and 270 units from 2020 to 2027.

***Rural communities and Whitehorse zero-migration housing requirements projections***

For the rural communities, we only considered natural population growth, i.e. births and deaths. Of equal if not more importance is the changing age structure of the population. Our view is that it is futile to attempt to forecast migration into or out of small rural communities, and doing so would give a false sense of precision. Also, the nature of work camps in mining communities reduced the direct impact of mining related employment growth on housing requirements. So we believe we have no way of rationally forecasting

migration, it is just too volatile. We also performed the same exercise for Whitehorse, since it was quite easy to do so.

We developed a five-year cohort (age group) population projection model. A demographic projection model requires a number of assumptions about birth rates, death rates and migration.

For the rural communities, we used the 2012 Health Care population as a base. To the age sex distribution, we applied age-specific birth rates and death rates. The birth rates used were a blend of the Yukon and Northwest Territories 2006-2010 average birth rates per 1000 women, depending on the proportion of First Nations people in the community. First Nations have higher birth rates than other Canadians and the Northwest Territories' birth rate is higher than the Yukon's and more representative of First Nations birth rates. The specific birth rates used are births per 1000 women for different age groups were as follows.

**Table 5 Birth Rates per 1000 women by age group, Yukon and NWT, 2006-2010**

	Yukon	NWT
15 to 19	20.9	36.2
20 to 24	59.7	99.1
25 to 29	96.7	104.1
30 to 34	92.0	105.6
35 to 39	45.8	53.6
40 to 44	9.5	12.3
45 to 49	0.2	0.6

Statistics Canada. Table 102-4505 - Crude birth rate, age-specific al fertility rates (live births), Canada, provinces and territories, annual (rate)

(accessed: February 17, 2013)

For death rates, we used the 10-year average (2000-2009) age and sex specific death rates. A ten-year average is used because the annual death rates vary considerably given the Yukon's small population.

**Table 6 Age and sex specific death rates per 1000, Yukon 2000-2009 average**

	MALES Average	FEMALES Average
<1	9.2	4.0
1-4	0.2	0.3
5-9	0.1	0.3
10-14	0.2	0.0
15-19	0.6	0.4
20-24	0.8	0.4
25-29	0.8	0.5
30-34	0.9	1.1
35-39	1.2	0.8

40-44	1.7	1.2
45-49	2.7	2.8
50-54	4.3	2.2
55-59	6.8	5.0
60-64	11.0	8.7
65-69	17.7	16.0
70-74	28.7	22.7
75-79	47.2	45.5
80-84	78.4	74.7
85-89	130.7	99.5
90+	227.9	254.5

Source: Statistics Canada. Table 102-0504 - Deaths and mortality rates, by age group and sex, Canada, provinces and territories, annual (accessed: February 17, 2013)

As with Whitehorse, we used headship rates obtained from the 2006 Census, but the non-Whitehorse average for all rural communities. This assumes that housing preferences and actual patterns in 2006 should continue. The specific headship rates used for the rural communities were as follows while the Whitehorse headship rates are presented above in Table 3:

	Headship rates
Females	
Under 25 years	0.157
25 to 34 years	0.576
35 to 44 years	0.629
45 to 54 years	0.588
55 to 64 years	0.588
65 to 74 years	0.629
75 years and over	0.615
Males	
Under 25 years	0.105
25 to 34 years	0.455
35 to 44 years	0.588
45 to 54 years	0.646
55 to 64 years	0.673
65 to 74 years	0.673
75 years and over	0.741

The following table gives the 5-year total housing requirements for the 11 communities. Note that these are based on natural population growth only, with no allowance for migration and also do not address any current housing shortage. Negative housing requirements are in parentheses.

**Table 7 Housing requirements, zero migration scenario, 11 communities 2013-2032**

	2013-2017	2018-2022	2023-2027	2027-2032
Carcross	(4)	(3)	(14)	(5)
Carmacks	6	16	(1)	(9)
Dawson City	21	(3)	(42)	(71)
Faro	(5)	6	(18)	(29)
Haines Junction	14	(4)	(25)	(26)
Mayo	11	5	(13)	(17)
Pelly Crossing	2	5	2	(6)
Ross River	3	11	(0)	(6)
Teslin	4	2	(11)	(20)
Watson Lake	(2)	7	(27)	(49)
Whitehorse	658	142	(229)	(654)