

Housing

Policy Position of Association of Yukon Communities (2022-23)

For Ratification



DEFINITIONS:

YG refers to the Government of Yukon.

AYC refers to the Association of Yukon Communities.

FCM refers to the Federation of Canadian Municipalities.

CMHC refers to the Canada Mortgage and Housing Corporation.

AOG refers to the Office of the Auditor General of Canada.

PREAMBLE:

Based on historical materials provided to us, our engagement at the Association of Yukon Communities' AGM in May 2022, and follow-up meetings with the AYC Executive, what we heard is a desire to focus this housing policy discussion towards developing solutions for: housing affordability, accommodating growth, along with the recruitment and retention of skilled labour for communities. This is not everything mentioned or discussed during the project, rather these are the topics which came up consistently among many members and provide a clearer focus for AYC regarding developing policy positions and statements.

TITLE
Association of Yukon Communities' Policy Position on Housing Availability and Affordability (2022-23)
OPENING STATEMENT
There is a chronic shortage of land and housing in Yukon. This persistent shortage creates serious issues in growing our communities, both economically and socially, as well as housing our existing residents. AYC's membership, and our communities, cannot sustainably continue down this path and there is a need for decisive actions.

BACKGROUND

WHY IS THIS IMPORTANT TO MUNICIPALITIES?

1. Between March 31, 2012 and March 31, 2022, Yukon's population increased by 7,856, or 21.9%.¹
2. Yukon communities have not kept the pace of residential and commercial development to accommodate this amount of growth.²
3. This consistent pressure on Yukon's housing and land supply has led to an unsustainable growth in housing costs and availability;³
4. This has created tremendous pressure on Yukon's municipalities to provide land and housing⁴ and most municipalities have run out;⁵
5. This is an issue that affects every municipality and community in Yukon.

WHAT OPTIONS ARE WE CONSIDERING?

1. Calling on YG to develop and share a rural land development strategy, emphasizing the need for an increased supply in market and non-market housing in communities outside of Whitehorse.
2. Calling on the YG to implement the *Housing Action Plan*, as expediently as possible, and encouraging them to meet the commitments of the strategy.⁶
3. Increasing AYC's involvement with funding programs, such as through CMHC and FCM, in partnership with member communities (i.e. municipalities), to incorporate programming dollars in addressing these issues.

DESIRED IMPACT OF THESE RECOMMENDATIONS?

1. To increase the supply of land, and market and non-market housing in every Yukon municipality.

WHAT ARE THE COSTS?

1. There are no expected costs with the advocacy portion of this work. Opportunities through FCM and others, if pursued with other AYC members (i.e. municipalities), will be presented to the AYC Board of Directors for discussion and approval, as required.

RECOMMENDATIONS

THE ASSOCIATION OF YUKON COMMUNITIES RECOMMENDS that the Government of Yukon:

1. Develop and share a rural land development strategy, focusing on increasing the supply of market and non-market housing.
2. Implement the *Housing Action Plan* as expediently as possible and commit to meeting the goals of its strategy.

Further, THE ASSOCIATION OF YUKON COMMUNITIES RESOLVES to:

1. Increase the AYC membership's opportunities to take part in external funding programs (e.g. FCM or CMHC) that will increase the supply of market and non-market housing in Yukon.

Submitted by: *Insert name of nominator, seconder, etc.*

REFERENCES

1: https://yukon.ca/sites/yukon.ca/files/ybs/populationq1_2021.pdf

2: Feedback received from Municipalities during Elevator Yukon engagement.

3: <https://yukon.ca/sites/yukon.ca/files/ybs/fin-yukon-rent-survey-april-2022.pdf>

4: https://www.oag-bvg.gc.ca/internet/English/mr_20220525_e_44077.html

5: Majority feedback received from Municipalities during Elevator Yukon engagement.

6: Pillars #2 and #3 of the *Housing Action Plan* are of particular interest. Minister McPhee stated "real change is coming" in wake of OAG audit:

<https://www.whitehorsestar.com/News/real-change-is-coming-minister-says-in-wake-of-critical-audit>

Appendix I

Association of Yukon Communities

Policy Discussion Paper #1

Housing Availability

and Affordability

Executive Summary

This policy discussion paper provides background context and discussion for a 2022-23 policy position on housing.

The Association finds that because of the sustained population growth of Yukon and its communities over the past decade, there is an unprecedented pressure on housing availability and affordability.

In Yukon, outside of Whitehorse, private developers do not provide the market an adequate supply of housing to meet demand. The Government of Yukon attempts to fill this gap by developing land for sale, however, the efficacy of bringing land to market under these efforts is unclear.

Municipalities and other AYC membership have provided clear direction for a housing policy position for the organization; develop solutions for housing affordability, accommodating growth in Yukon communities, and ease the burden of recruitment and retention of skilled labour to rural communities.

1 Introduction

The Association of Yukon Communities (AYC) developed a series of policy discussion papers to analyze, discuss and adopt focused policy positions for the organization. The purpose for this analysis, and the exercise of developing clear and relevant policy is fourfold:

- To better understand the root causes and areas of concern that membership have directed the organization to evaluate (e.g. housing availability);
- To better serve and represent the Association's membership;
- To create a roadmap for action for the AYC staff and executive, and;
- To make measurable progress on the membership's priorities.

In this discussion paper regarding housing, we highlight the various pressures of housing in the communities (AYC's clients), however, any potential policy actions suggested focus solely on AYC's role. Suggesting actions for the communities or community governments themselves is not within the scope of this exercise.

2 What we heard

What we heard from AYC stakeholders is to focus this policy discussion toward developing solutions for: housing affordability, accommodating growth, and recruitment and retention of skilled labour to communities.

3 Scoping: Recognizing the Pressures of Availability and Affordability

Cities across Canada are experiencing a variety of pressures related to housing supply and affordability. Rising housing prices have significantly outpaced local incomes, which has negatively affected the physical, economic and social well-being of households across a spectrum of incomes. Low-income households have felt most acutely the adverse effects of declining housing affordability, but affordability is increasingly impacting moderate-income households.

In some Yukon communities, housing availability and affordability has reached near-crisis levels. For example, municipalities report they cannot recruit and retain skilled labour due to a lack of available and affordable housing. This means many municipalities need to provide housing to entice candidates to accept positions, adding to the complexity of recruitment processes for CAO's. This tension has led to municipal government organizations stretching their resources thin in a quest to recruit and retain not only talent, but qualified operators for critical and legislatively mandated services and infrastructure.

3.1 Scoping: Aligning with existing government programs, policies and funding

The federal and territorial government plays an important role in setting broad policies and legislation around housing, and also provide most of the financial assistance needed to construct non-market housing in Yukon.

Municipalities typically operate within this broader framework set by the federal and territorial governments, by enabling and regulating development, including the type, form, and location of housing that is built throughout Yukon communities. Municipalities also administer services and programs, such as issuing building permits and rental licenses, to ensure housing is safe and meets minimum building and safety standards.

Other key actors in the provision of housing in Yukon include, but are not limited to: private sector builders, who primarily build market housing, but also some non-market housing; not-for-profit builders who build non-market housing; not-for-profit housing service providers who operate shelters, transitional housing and supportive housing and administer a range of other housing-related programs and services; and, the Government of Yukon, which regulates the housing rental market through the *Residential Landlord and Tenant Act*¹.

The Government of Yukon's main strategy for increasing the supply of housing is the *2015-2025 Housing Action Plan*².

3.2 Scoping: Understanding the Yukon's specific housing context

The Government of Yukon, through Yukon Housing Corporation, and Government of Canada, through CMHC, provide the bulk of funding programs to increase the supply of market and non-market housing in Yukon. Yukon is unique in the sense that funding dollars can flow from the government to private developers that construct market housing. The private sector typically provides market housing in Whitehorse, while in other communities all housing types are provided by a combination of government, subsidized, supportive, and market housing.

The Government of Yukon supplies serviced land for development in Yukon; there are no private land development companies in Yukon. Looking at available data from Yukon's most recent Core Housing Need Survey (2018)³, we note a few statistics that help highlight Yukon's housing context:

- In 2018, 2,100 households, or 14.4% of those Yukon households that were assessed for core housing need, were living in an unsuitable, inadequate or unaffordable dwelling, and were not able to afford alternative housing in their community.

¹ <https://laws.yukon.ca/cms/images/LEGISLATION/PRINCIPAL/2012/2012-0020/2012-0020.pdf>

² <https://yukon.ca/sites/yukon.ca/files/yhc/yhc-housing-action-plan-2015-2025.pdf>

³ https://yukon.ca/sites/yukon.ca/files/chs_corehousingneeds_2018.pdf

⁴ Please see the Core Housing Need Survey for definitions

- Approximately one-third of renter households in Yukon (2,200 of 6,000), reported living in social and affordable housing in 2018.
- Over forty percent of renter households in social and affordable housing (44.0%) fell below at least one of the adequacy, affordability or suitability standards and would need to spend 30% or more of its total before tax income on adequate housing.

Looking at other data for Yukon, we note that over time, there has been a consistent decrease in the supply of housing, and a corresponding increase in sales prices and rent over the past decade. For example, the *Comparison of Average and Median Rent, Sept 2011-Oct 2021*⁵, we can see that in Dawson City, the average rental price (for all sizes of rentals) increased from \$650 in 2011 to \$1206 in 2021, an 86% increase. Whitehorse had a smaller average increase, going from \$825 to \$1218 or 33% during the last decade. This rise has far outpaced wage growth and is creating downward economic pressure on Yukon's communities.

3.3 Scoping: Acknowledging the systemic effects of housing availability and affordability

While the cost of housing impacts all households, it is important to emphasize that affordability has a disproportionate impact on those who are in the bottom 30% of the income range. When housing is in short supply and prices escalate, low-income households are the first to be pushed out of the market because they can't compete with households with higher incomes. With limited discretionary spending power and fewer options when housing prices rise, it can also force households with the lowest incomes to reduce spending on other basic needs such as health, education and nutritious food in exchange for housing.

Vulnerable populations include those living on fixed incomes, those experiencing homelessness, women and children experiencing family violence, as well as individuals with mental health and addictions issues. Recognizing the interdependencies within the housing market and the magnified effect that housing affordability challenges have on low-income households, policy actions could consider those that will increase the availability, diversity and affordability of housing, in all communities, and across the housing continuum.

⁵ <https://yukon.ca/sites/yukon.ca/files/ybs/fin-comparison-average-and-median-rent-sept-2011-oct-2021.pdf>

4 Analysis

Adequate housing and land supply is a top-of-mind issue for nearly all of AYC's members. The constrained land supply in Yukon is creating several cumulative effects for municipalities, and we offer the following observations:

- This issue stretches municipalities' organizational capacity thin in trying to organize and implement complex and lengthy land development processes, leading to difficulty in managing and delivering on other organizational priorities.
- Municipalities in Yukon typically contribute to the increase of housing supply through urban planning and land development regulations and protocols, although, some would like to explore alternative options (e.g., muni dev corp)
- The lack of land and housing is creating meaningful issues in recruitment and retention of critical staff to municipalities.
- Housing affordability is an important consideration in this discussion as housing availability and affordability issues disproportionately affect vulnerable populations and low-income households.
- Yukon is in an inflationary economic environment and likely will be for some time. It is unknown how inflation, and the government's corresponding policy responses, will affect the housing market in the coming months and years.
- The Government of Yukon and Canada have existing policy frameworks (e.g. Housing Action Plan) that may also align with AYC's policy priorities. For example, objective 2.3 of the Housing Action Plan discusses how the government could work toward removing regulatory barriers to increase the supply of legal rental units in Yukon.
- Although not touched upon in scoping, First Nations renewed interest in land development within municipal boundaries adds further complexities to the land development process, particularly where there are unsettled land claims.

5 Discussion

Housing availability and affordability is an incredibly complex and nuanced issue that requires solutions from a variety of stakeholders. AYC is not attempting to solve the housing issue, rather, AYC's goal is to move important issues forward, as directed by the membership, and in AYC's capacity as an advocacy, leadership and training organization. Within that context we offer the following points for discussion:

- Do municipalities wish to explore alternative approaches for increasing the supply of land and housing, or stay within its existing traditional role? For example, would municipalities like to change the existing regulatory and policy frameworks to allow them to take more direct action in providing housing?
- Related to the above, to what extent does existing government policy and legislation need to change to align with municipal priorities for land development and housing?
- Related to the above, there appears to be an adequate housing policy document in the Housing Action Plan. To what extent is AYC familiar with this document?
- Given the Yukon's unique housing mix (as noted in the housing data, 1/3rd of homes in Yukon are classified as social/affordable housing), what housing and land development approaches are most needed to address the membership's priorities of land and housing for growth, recruitment and retention of skilled labour, and affordability?
- Many communities struggle with understanding the costs and benefits of offering and maintaining staff housing. Is this something AYC could evaluate in a housing policy initiative?
- What needs to change internally/externally for the organization to effectively advocate for these issues?

6 Policy recommendations

Where feasible, we recommend working within existing policy frameworks of other orders of government. We suggest this because, as we note above, if we look at the current ways in which market and non-market housing is built in Yukon, municipalities have a limited role in the provision of actual housing. Further, we highlight that there is an amount of existing policy which generally aligns with municipal concerns and priorities (e.g. Housing Action Plan), and can be used as a touchpoint for advocacy discussions with the Government of Yukon.

6.1 A pragmatic approach

Working within existing regulations and sticking to the traditional roles of the respective stakeholders—municipalities and other orders of government—a pragmatic approach could consider the following policy considerations:

- Request the Government of Yukon to develop and share a rural land development strategy, emphasizing the need for a range of market and non-market housing.
- Use the broad goals outlined in the Government of Yukon's *Housing Action Plan* to encourage them to meet the commitments of the strategy.
- Where it makes sense, increase AYC's involvement in funding programs, such as through CMHC and FCM, to leverage program dollars to address these issues.

6.2 A paradigm shift

If there is an appetite for a paradigm shift in housing policy from the AYC membership—i.e. municipalities moving into actual land development—there are several policy related actions to consider, including:

- Devolution of funding and programming for land development from the Government of Yukon to municipal governments.
- Changes to the *Municipal Act* to codify the abilities and responsibilities of municipal governments to develop land.
- Unknown number of land dispositions from Government of Yukon to municipal governments.
- Changes to Official Community Plans and other related documents to recognize the role and ability for the municipality to develop lands.

6.3 Policy areas

In the table below, we summarize how the discussion points contained in this paper fit into broader policy 'buckets'.

Economic Development	The focus here is on the fundamental ability for communities to grow economically by having places to put people. Generally speaking, there is no economic development without some corresponding population growth.
Land use	The focus here is on municipalities' agency and ability to develop land in their community in a way they see fit, in a timely fashion, and as it's needed. It appears the Government of Yukon has a difficult time in developing land through their Land Development Branch and is not currently meeting demand.
Legislative	The focus here is on jurisdiction. Government of Yukon has taken on the role of land developer in Yukon, but the way they approach this may be at odds with the values of the community. Do municipalities have ultimate authority for land development in their boundaries or not?
Financial	The focus here is on financial resources required to implement any policy actions or strategies that AYC may move forward with. If AYC begins to advocate for more direct action of municipalities in land development, a necessary part of that discussion is financial resources for implementation.

7 Summary

We outline two potential approaches here - a 'pragmatic' approach and a 'paradigm shift' approach. We recommend pursuing a pragmatic approach, which means working within existing frameworks and traditional roles of the respective governments, but increasing the coordination and cooperation on established strategies such as the Government of Yukon's *Housing Action Plan*, while pursuing longer-term goals, such as increasing the perceived and actual authority of municipalities for land development within their boundaries.

We offer this as a preferred approach mainly because of the current housing and land development architecture in Yukon. To radically change this architecture to shift the burden of land development to municipalities would take time, and it appears as if time is of the essence to make meaningful progress on this issue.