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A New Beginning: A National Non-Reserve Aboriginal Housing Strategy

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Introduction

Why do we need a national non-reserve housing strategy? In 1972, Ron Bassford, the federal minister responsible for housing, declared that access to adequate housing was a right of all Canadians, including Aboriginal People. He committed his government to ensuring the building or acquisition of 50,000 housing units for Aboriginal individuals residing off-reserve. To deliver on this commitment, in 1973, the rural and remote housing program was established and urban native housing targets were established within the private, non-profit housing program delivered by the Canada Mortgage and Housing Corporation (CMHC). An Urban Native Housing Program was created in 1985.

In the intervening 30 years, less than 20,000 units were delivered (9,000 in rural communities and 11,000 in cities and towns). It should be noted, however, that the urban program was specifically targeted to those of native ancestry, while a large percentage of the rural program served non-Aboriginal households. In 1993, the federal government, as part of its fiscal restraint policy, halted all new spending for social housing, including any new non-reserve Aboriginal housing. In 1996, the federal government moved to transfer administrative responsibility for existing social housing, including off-reserve Aboriginal housing, to provinces and territories. To date, no province has accepted responsibility for new non-reserve commitments, and non-reserve Aboriginal housing organizations have been caught in a jurisdictional bind.

With the exception of a few locally supported initiatives, no new housing has been constructed for non-reserve Aboriginal households since 1993. It is time to end the jurisdictional dispute and work collectively in Canada to ensure our growing non-reserve Aboriginal population has access to safe, affordable housing. As of the 2001 Census, 71% of the Aboriginal population lives off-reserve, with almost three-quarters of those people living in urban areas.

The National Aboriginal Housing Association/Association Nationale d'Habitation Autochtone (NAHA/ANHA) was created in 1993–1994 with funding from the

federal government. It is a membership-based organization representing non-reserve Aboriginal housing and shelter providers across Canada. There are over 110 existing urban housing providers, and many homelessness and supportive shelters serving Indian, Métis, and Inuit communities. NAHA/ANHA was created to link such organizations by providing support and guidance in strategic planning and national policy development and to advance the housing goals of all non-reserve Aboriginal housing interests. The Association's Board of Directors is made up of representatives from each of the provinces and territories. NAHA/ANHA has consulted widely with its members and partners on the guiding principles upon which to base a national housing strategy.

Guiding Principles for a New National Non-Reserve Housing Strategy

The national housing strategy of the NAHA/ANHA contains the following points:

1. Fiduciary responsibility, self-determination, and the need to consult
 - Federal government has responsibility to ensure an Aboriginal component in any federal unilateral or bilateral housing program;
 - Programs must provide for self-determination and self-governance by promoting community-based, non-profit ownership;
 - Consultation with the Aboriginal community a prerequisite
2. Cultural sensitivity and well-being
 - Housing program delivery guidelines must facilitate the integration of culturally appropriate and sensitive management styles, as well as promote sound, efficient property management regimes;
 - Programs must respect the differing needs of First Nations, Métis, and Inuit
3. Access to adequate resources
 - Any future housing initiative must provide adequate capital assistance to non-reserve Aboriginal communities to ensure delivery of appropriate, affordable housing;
 - Affordability must be based upon the principle of households paying less than 30% of minimum wage in each jurisdiction

Method for Determining Affordability

The data used in this report have been drawn primarily from a special request to Statistics Canada to generate a series of tables specifically from data on non-reserve Aboriginal households² (i.e., living off-reserve). These tables are augmented with data from the 2001 Aboriginal Peoples Survey. There is a major constraint in using census data to undertake a housing analysis, or any analysis that seeks specifically to examine shelter costs as a percentage of income (i.e.,

affordability). The Canadian Census collects data for income in the year prior to the census year (i.e., 2000) and shelter expenses (like rent) at the time of the census (i.e., May 2001). As a result, there is a time lag between the two data sources used to determine affordability. By the time rent data are collected, the household may have experienced a change in income that was reported the previous year. In a number of cases, this generates shelter costs in excess of 100% of reported income. The method used to minimize this distortion is to exclude any household for which reported shelter costs exceed 100% of reported income. For Aboriginal households, the 10% of households that are non-reserve are excluded from the analysis for this reason. The households that have higher shelter-to-income ratios, which are the focus of this needs assessment, will be undercounted since these tend to be mobile households with fluctuating or unreported income and shelter costs. In the extreme, if all the excluded Aboriginal households are paying more than 50% of household income on housing, the incidence of severe rent burden would increase from 15% to 23% of Aboriginal households. For this reason, use of absolute values is deliberately limited. Estimates in this research rely more heavily on comparative statistics: Aboriginal versus Non-Aboriginal households.

Three key indicators are used in these analyses:

1. The incidence of households that are in core housing need (paying 30% of household income or more on rent)³
2. The incidence of households that are severely rent burdened (paying greater than 50% of household income to cover rental costs)
3. Dwellings in need of major repair⁴

Key Findings: Non-Reserve Housing Need

In the 2001 Census, the total Aboriginal population in Canada is reported as being just under one million persons, living in 320,000 households. In total, 71% of the Aboriginal population lives off-reserve, with almost three-quarters living in urban areas. Just over half of off-reserve Aboriginal households own their home, and 48% are renters. Prior analysis by CMHC has revealed that housing needs are significantly higher among renters than owners, so the focus of NAHA/ANHA's assessment is exclusively on Aboriginal renter households living off-reserve.

Among non-Aboriginal households, there is an even split between family and non-family households (predominantly single persons). By comparison, there is a much larger representation of family households (71%) in the non-reserve Aboriginal population. The comparatively higher proportion of family versus non-family households among Aboriginal peoples has important implications for program responses. This population has a greater need for bigger unit sizes suitable for larger families, which are more typical in the Aboriginal population.

Aboriginal households have a higher incidence of affordability problems than do non-Aboriginal. For example, 37% of Aboriginal households spend more

than 30% of their household income on rent, while 15% (1 in every 6) experience severe rent burden. Although non-family households make up a smaller proportion of Aboriginal households (30%), these primarily single-person households experience a greater incidence of serious rent burden. Among non-family Aboriginal households, 20% spend more than 50% of their household income on housing, versus 13% of Aboriginal family households. Overall, members of the Aboriginal population have a lower average income than non-Aboriginals; at a national level, the average household income of Aboriginal households is 87% of that of non-Aboriginal households. So, on average, Aboriginal households have less money to spend on rent than the rest of the Canadian population.

Aboriginal renter households also tend to live in lower quality dwellings. For example, 16.5% of dwellings rented by Aboriginals are in need of major repair, as compared to 9% of non-Aboriginal households.

Method for Determining Cost of Affordable Housing Construction

The 2000 and 2003 federal budgets contained a total budgetary commitment of \$1 billion to address the need for affordable housing. The commitment was comprised of an initial \$600 million for urban and \$80 million for rural and remote areas. Subsequently, a further \$320 million was identified in the 2003 federal budget and was allocated across provinces on a per capita basis (the same basis as the original \$680) and extended the ongoing provincial/territorial programs created in the initial round. The current federal/provincial/territorial framework for the affordable rental program identifies average market rent as the basis for grant eligibility. It further specifies a maximum federal grant level of \$25,000 per unit to be equally matched by provincial and/or local sources.

NAHA/ANHA examined the typical cost of new affordable housing construction for a cross-section of 14 metropolitan and non-metropolitan cities (Calgary, Edmonton, Fredericton, Halifax, Ottawa, Prince George, Quebec City, Regina, Saskatoon, Sudbury, Thunder Bay, Toronto, Vancouver, and Winnipeg) with either a higher absolute number or a high proportion of Aboriginal renter households. For illustrative purposes, these costs estimates are presented on a per unit basis for two unit types: a 450-square-foot bachelor/studio unit intended for low-income singles, and a 900-square-foot, three-bedroom apartment for families. These units are at the smaller end of the scale for a family type unit, especially for Aboriginal households, where a larger-than-average family size is typical.

For each city, two levels of affordability were examined:

1. Rents set at the average market rent level, as specified in the annual CMHC survey of market rents (October 2003) for the specific location and unit size (bachelor/studio unit and three-bedroom)
2. Rents set at 30% of annualized minimum wage, assuming either a single

earner (for bachelor/studio units) or 1.5 earners at minimum wage for family units, which reflects a blend of single and dual earner families

For each level, the amount of capital grant funding required to allow rents to be set at the respective target benchmarks was determined.

Key Findings: Capital Grant Funding Requirements

The resulting capital grant requirements for illustrative bachelor/studio units (single persons) and three-bedroom units (families) are presented in this section.

At the average market rent benchmark, bachelor/studio units can be developed with grant levels ranging from \$18,000 (Quebec City) to \$47,000 (Regina). At this rent benchmark, it is possible to build bachelor/studio units within the maximum grant level of \$50,000 in all communities.

The situation for three-bedroom units is directly affected by the higher cost of these units. At the average market rent target, the maximum grant level of \$50,000 is insufficient in 8 of the 14 cities (Calgary, Edmonton, Fredericton, Prince George, Quebec City, Regina, Saskatoon, and Sudbury) profiled. When a lower rent target is set, based on 30% of minimum wage, the grant requirements increase and exceed the maximum of \$50,000 for the bachelor/studio units in 10 of 14 the cities (Calgary, Edmonton, Fredericton, Halifax, Ottawa, Quebec City, Regina, Saskatoon, Toronto, and Vancouver). At the 30% of minimum wage affordability target, the \$50,000 maximum is not sufficient for three-bedroom units in all 14 cities. Grant equity in excess of \$80,000 per unit is required for these family-sized units to ensure that rents are affordable to families earning minimum wage.

Since small bachelor/studio units require less grant money to build, there may be a systematic program bias against funding the larger family units typically required by non-reserve Aboriginal households in the current federal, provincial, and territorial framework process. There needs to be an explicit policy to address this potential bias and to prescribe a level of funding for family units. Overall, it is concluded that the current federal, provincial, and territorial program criteria (average market rent and a maximum \$50,000 cost-shared grant) are insufficient to support the production of rental units affordable to low-income, working Aboriginal households. A more realistic average amount is in the order of \$70,000–\$75,000.

Discussion

Affirmative Budget Allocation for Non-Reserve Aboriginal Housing

We believe that, in the short term, the current federal budget commitment, with co-operation from the provinces and territories, is sufficient to eliminate severe

rent burden (>50%) among the off-reserve Aboriginal population over the coming decade. An estimated 71% of the Aboriginal population lives off-reserve, which comprises 2.4% of the Canadian population. Based on the non-reserve population share alone, a minimum 2.4% of the total housing budget should be allocated to Aboriginals living in urban and rural areas. NAHA/ANHA believes that, as part of the federal government's broader initiative to stimulate construction of new rental units, it would be effective to include a specific allocation in the budget to recognize the higher incidence of need among the non-reserve Aboriginal population, as well as the higher subsidy requirements necessary to meet the housing demands of this population. An allocation of 7.5% of the current federal capital budget (\$1 billion) would provide \$75 million (with matched cost sharing from provincial and territorial governments) that could facilitate the construction of 2,200 units annually. NAHA/ANHA believes this reflects a realistic goal to eliminate fully the problem of severe rent burden (spending more than 50% of household income) among non-reserve Aboriginal households (total 22,000) over the next decade.

Enhancing the National Strategy

The proposed affirmative budget allocation approach to create new affordable rental housing allocations is only the first phase of a national non-reserve housing strategy. The persistently high rates of homelessness and housing in need of major repair are unacceptable. While a target of the action plan is the elimination of severe rent burdens in excess of 50%, NAHA/ANHA has also emphasized that a rent burden of 30% or more of household income is problematic since it exceeds Canadian norms. NAHA/ANHA is requesting the federal government, as part of its review of Aboriginal programming in cities and towns, to agree to convene a national roundtable that would bring together federal, provincial, and territorial officials, NAHA/ANHA, First Nations, Métis, and Inuit national representatives, and the Federation of Canadian Municipalities. The roundtable process should examine specific initiatives to reduce rent burdens in excess of 30% through increased budget allocations for new housing and acceptable forms of rental assistance.

The federal government should also look at targeted rental repair assistance to bring the housing conditions of Aboriginal-occupied rental units in line with the standards of the non-Aboriginal rental population. NAHA/ANHA is also calling upon the federal government to ensure that future homelessness funding is based upon acceptable, Aboriginal, community-based plans and delivery networks, and that specific targets be mandated within the existing spending envelopes under both the Urban Aboriginal Strategy and the Supporting Community Partnerships Initiative.

Recommendations

NAHA/ANHA is recommending a six-point agenda for action to address the poor housing conditions in which a significant proportion of Canada's non-reserve Aboriginal population live. It is an agenda that will require the co-operation of all levels of government and the Aboriginal community.

1. **Setting the framework:** NAHA/ANHA's overview of housing need and cost of remedies, along with its guiding principles, provide the basis for developing an affordable rental housing development framework.
2. **Fixing existing programs:** All levels of government must work together to fix the flawed federal/provincial/territorial affordable rental housing framework agreement.
3. **Developing a consultative framework:** NAHA/ANHA is calling upon the federal government to take the lead in the development of a consultative framework on future housing policy with NAHA/ANHA, First Nations, Métis, and Inuit representatives. We will urge the federal government to invite provincial and territorial participation, as well as representation from cities and towns.
4. **Protecting the existing portfolio:** Canada's 11,000 existing Aboriginal housing units and nearly 9,000 rural and native housing units must be protected for future generations. The federal government has the responsibility of communicating standards and expectations to its provincial and territorial partners on the future management and operation funding to ensure that the small but significant portfolio continues to meet the needs of Aboriginal households.
5. **Recognizing aboriginal housing as a cornerstone to sustainable communities:** Increasingly, the future of our people is tied to the future of Canada's cities and towns. All levels of government must recognize that sustainable Aboriginal communities are built on a foundation of safe, affordable, and culturally appropriate housing.
6. **Measuring success:** There must be an accountability framework to measure success in achieving a national non-reserve Aboriginal housing strategy. NAHA/ANHA, working with its partners, will seek public participation in this process.

Endnotes

- 1 The Board of Directors gratefully acknowledges the financial support of the Queen's Privy Council Office and the Office of the Interlocutor for Metis and Non-Status Indians.
- 2 In this chapter the CMHC definition of Aboriginal households has been used. An Aboriginal household is defined as: 1) any single-family household where at least one spouse, common-law partner, or lone parent is considered part of the Aboriginal identity population; 2) at least 50% of the household members are considered to be part of the Aboriginal identity population; 3) any multiple-family household where at least one of the families in the household is an Aboriginal household (as defined above); or 4) any non-family household where at least 50% of the household members are considered to be part of the Aboriginal identity population.
- 3 The measure of 30% is a threshold that is widely used to define affordability. It is the basis for the CMHC affordability measure in its core need model and subsidy payments in most social housing programs across Canada.
- 4 This is self-reported data based on a set of criteria described in the census questionnaire. Dwellings are identified by the occupant to be either not in need of repair, in need of minor repair, or in need of major repair (major repair relates to defined structural, electrical, and plumbing deficiencies).