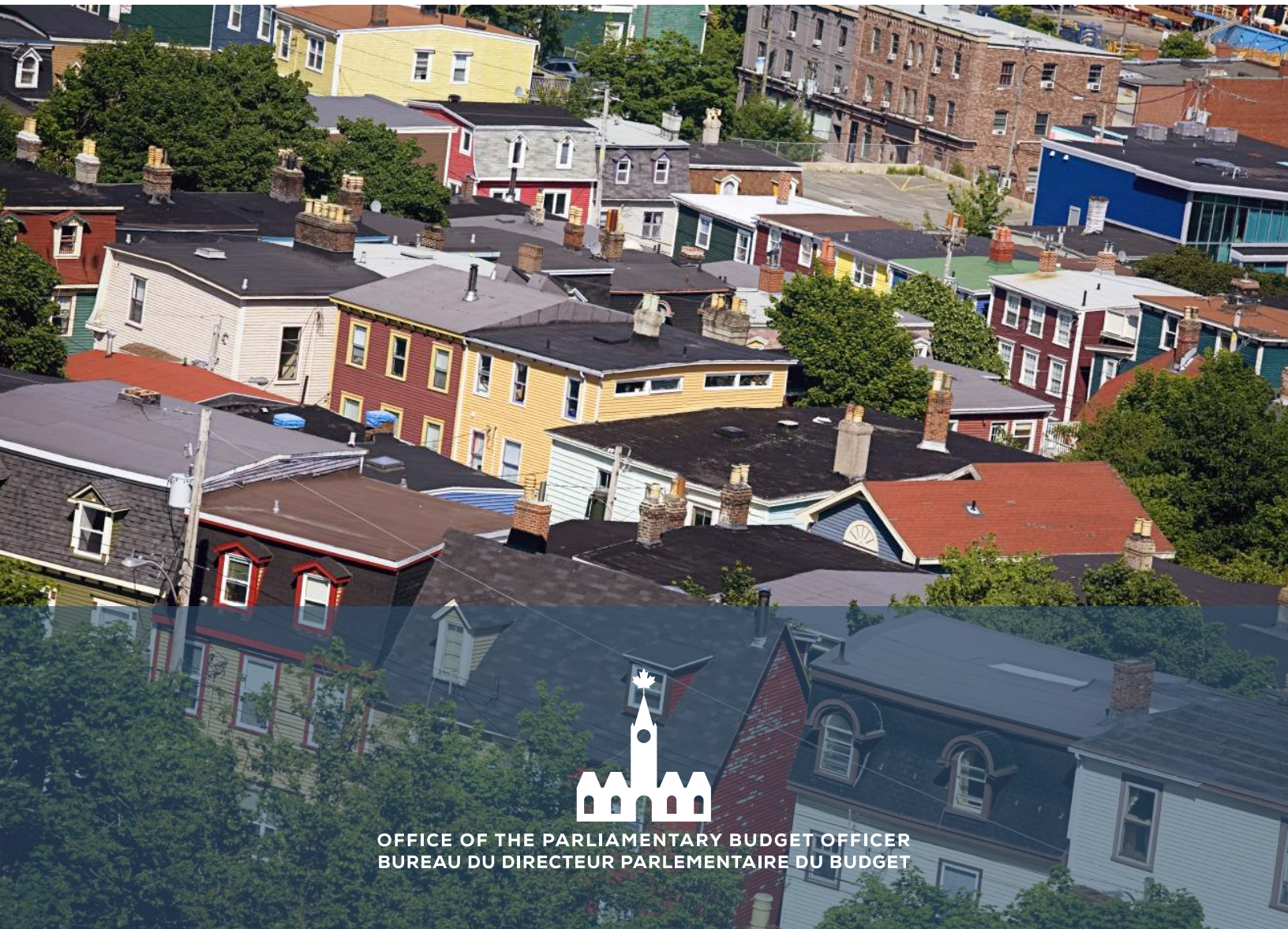


February 11, 2021



# URBAN, RURAL, AND NORTHERN INDIGENOUS HOUSING



OFFICE OF THE PARLIAMENTARY BUDGET OFFICER  
BUREAU DU DIRECTEUR PARLEMENTAIRE DU BUDGET

The Parliamentary Budget Officer (PBO) supports Parliament by providing economic and financial analysis for the purposes of raising the quality of parliamentary debate and promoting greater budget transparency and accountability.

This report was prepared at the request of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities.

We apologize for the use of the outdated terms “Native” and “Indian” in the context of statistics regarding persons registered under the Indian Act and housing constructed under the Urban Native housing program.

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# Table of Contents

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<b>1. Introduction</b>	<b>5</b>
<b>2. Indigenous Housing Need and Homelessness in Urban, Rural and Northern Areas</b>	<b>6</b>
2.1. Housing Need Definition	7
2.2. Demographic Portrait of Indigenous Households	9
2.3. Estimating the housing needs gap	15
2.4. Homelessness	15
<b>3. Spending and Counts of Indigenous Housing</b>	<b>16</b>
3.1. Indigenous Housing Programs Administered by CMHC	19
3.2. Indigenous Housing Administered by Subnational Governments	23
3.3. Indigenous Usage of Other Housing Projects	28
3.4. ESDC Homelessness Strategies	29
3.5. CIRNAC Indigenous Housing Strategies	31
3.6. Reconciliation with Announced Funding	32
<b>4. Unit Costs</b>	<b>33</b>
4.1. Empirical Unit Costs	34
4.2. Application of Unit Costs to Address Housing Need	38
<b>Appendix A: Focus on Northern Housing</b>	<b>39</b>
<b>Appendix B: Breakdown of Average Costs per Unit</b>	<b>42</b>
<b>Appendix C: Spending on housing by categories and programs by Province/Territory for FY2019-2020</b>	<b>43</b>
<b>Appendix D: Administrative Costs</b>	<b>46</b>
<b>Appendix E: Affordability Gap Methodology</b>	<b>48</b>
<b>Appendix F: Transfer Allocation Methodology</b>	<b>49</b>
<b>Appendix G: Cost-Drivers</b>	<b>51</b>
<b>Notes</b>	<b>52</b>

# Executive Summary

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Canada has 677,000 Indigenous households living in urban, rural and northern areas. Of those households, 124,000 are in housing need, including 37,500 individuals experiencing homelessness in a given year. There is a \$636 million annual gap between what these households pay for shelter and the level deemed affordable by the Canada Mortgage and Housing Corporation (CMHC).

Canada's federal government has explicitly allocated \$179 million per year to address Indigenous housing and homelessness programs in urban, rural and northern areas over the 10-year term of Canada's National Housing Strategy. These explicit annual allocations are:

- \$26 million for Indigenous housing programs
- \$23 million within non-targeted housing programs
- \$41 million within homelessness programs
- \$90 million under Indigenous housing strategies.

Federal direct transfers contribute to the capacity of provinces and territories to provide housing support to Indigenous households. CMHC transfers for housing cover 21% of government contributions towards provincial spending on housing assistance, while federal transfers for homelessness cover about 11% of spending on homelessness. Finance Canada's major transfers to the provinces also contribute to the pool of resources available for housing. It is not possible to determine the extent to which these transfers affect provincial spending on Indigenous housing. Adding up the explicit Indigenous allocations and a proportionate share of the remaining transfers, Canada's federal government provides \$838 million per year in financial support for Indigenous housing and homelessness.

Including units identified under bilateral agreements with provinces and territories, federal funds support 15,000 identified Indigenous housing units, which house 23% of the 67,000 Indigenous households in subsidized housing.

For new construction, the federal government contributes approximately \$70,000 per affordable Indigenous housing unit created, but total federal, provincial, territorial and municipal contributions amount to \$297,000 per affordable unit created. On average, project sponsors of new construction committed to offering units at a discount of \$394 per month relative to market rents. Across all projects, all levels of government contributed a total of \$2.63 per dollar of discounts relative to market rents over the life of the project.

Cost estimates are presented for addressing indigenous housing need to various extents under various programs, with annual costs ranging from \$122 million to \$1,423 million.

# 1. Introduction

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This report examines Indigenous housing in urban, rural, and northern areas, an expression which is taken to refer to Indigenous housing in all areas of Canada other than on reserves. This report is intended to provide an analysis of unmet Indigenous housing need and homelessness in these areas, and of government spending to address those issues. The report ends with a range of estimated costs for addressing housing need to various extents under various programs.

This report was prepared at the request of the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA).

Consistent with the PBO's general approach to financial analysis, this report does not attempt to incorporate secondary economic effects or to assess the effectiveness of housing programs in achieving ultimate outcomes. For example, this report does not assess the impacts of housing programs on employment nor cost savings for other health and social services.

## 2. Indigenous Housing Need and Homelessness in Urban, Rural and Northern Areas

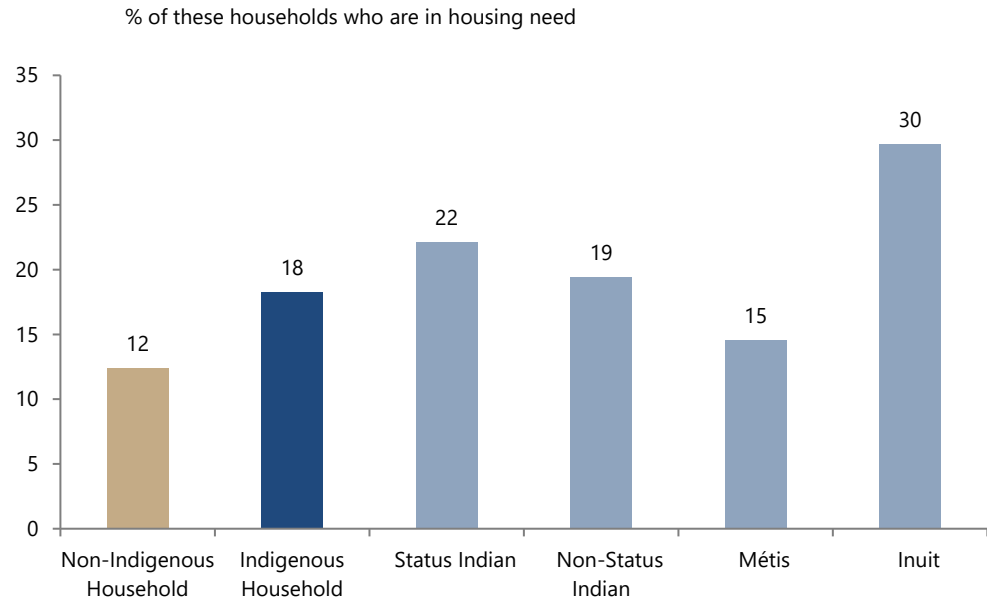
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Of the 667,000 Indigenous households in 2020, about 124,000 (18%) are in housing need (defined in section 2.1). Additionally, 7,000 individuals (0.5% of the Indigenous population) are considered homeless at a given point in time and 37,500 are homeless at any one time in a given year. Indigenous households are 1.5 times more likely to be in housing need than non-Indigenous households and are more likely to be in inadequate or unsuitable housing. On average, there is an annual \$5,000 gap between what Indigenous households in housing need can afford to pay for shelter under the definition of housing need, and what they would have to pay for suitable and adequate housing.<sup>1</sup> This implies an aggregate affordability gap of \$636 million per year.

## 2.1. Housing Need Definition

In our analysis, housing need is assessed using the core housing need indicator as defined by the Canada Mortgage and Housing Corporation (CMHC). It is the main indicator used to identify households in need of housing assistance.

**Figure 2-1 Incidence of Housing Need in Canada**



Sources: Statistics Canada Census 2016, CMHC

Note: An Indigenous household has at least one spouse, common-law partner, or lone parent who self-identified as an Indigenous person; or at least 50 per cent of household members self-identified as an Indigenous person.

The 2016 census estimated that 1.7 million Canadian households were in housing need and, of those households, 118,500 identified as Indigenous. Accounting for population growth, we estimate that 124,000 households would be in housing need in 2020.



For all of Canada, Indigenous households account for 7% of all households in housing need while representing less than 5% of all households in Canada. For the subset of Inuit households, the probability of being in housing need is 2.4 times greater than for non-Indigenous households.

Half of Indigenous households in housing need live in suitable and adequate housing. However, affordable housing is unavailable in their community given their household income. Indigenous people in housing need are 1.2 times more likely to live in unsuitable and/or inadequate housing than the rest of the population in housing need.

### Definition of core housing need

According to CMHC's definition, a household is considered to be in core housing need if:

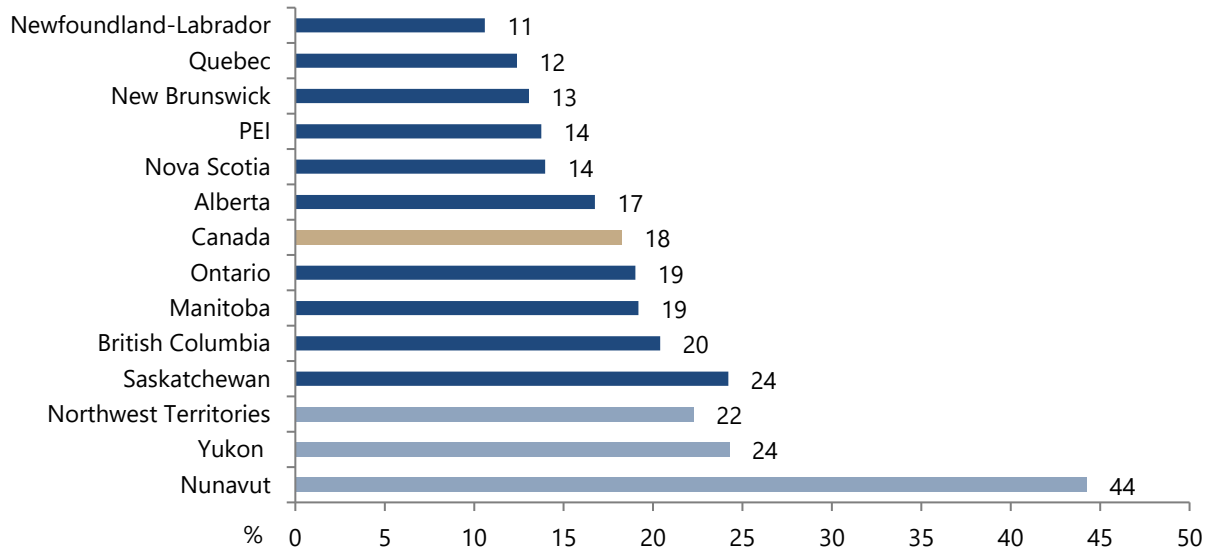
- its housing is unacceptable (does not meet one or more of the adequacies, suitability or affordability standards) and
- acceptable alternative housing in the community would cost 30% or more of its before-tax income

Housing would not meet the adequacy criteria if its residents report the need for major repairs. The suitability criteria would not be met if the number of bedrooms is insufficient for the size and make up of the household according to the National Occupancy Standard (NOS). Housing is considered unaffordable if the total shelter costs are greater than 30% of the pre-tax income of the household.

However, a household with housing that does not meet one or more criteria would only be considered in core housing need if alternative housing in the community would cost 30% or more of its before-tax income.

## 2.2. Demographic Portrait of Indigenous Households

**Figure 2-2** Incidence of Core Housing Need for Indigenous Households by Province and Territory

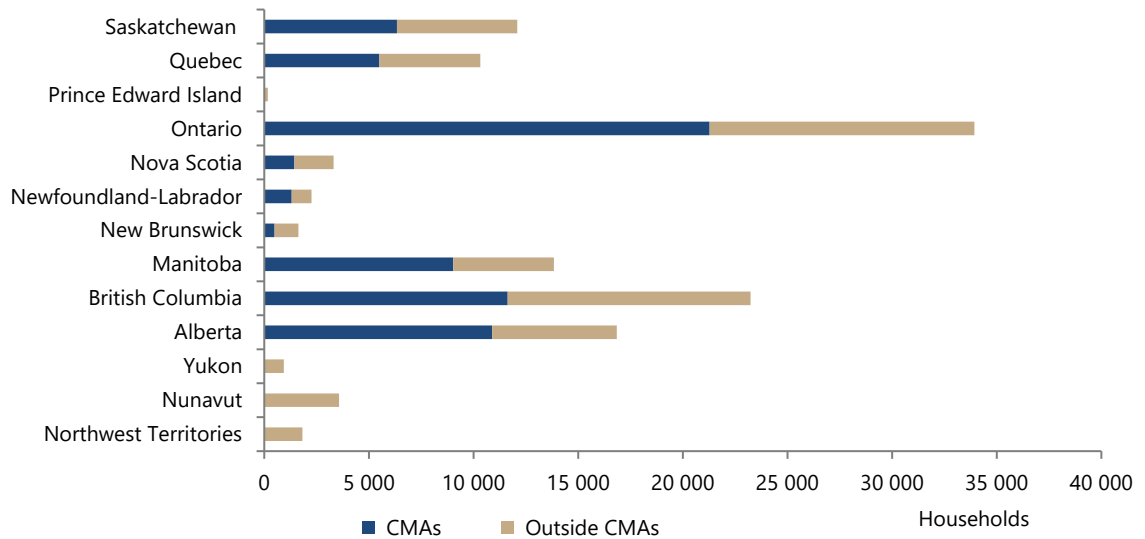


Sources: Statistics Canada Census 2016, CMHC

Notes: Indigenous households are identified based on the Census definition of an Aboriginal household. An Aboriginal household has at least one spouse, common-law partner, or lone parent who self-identified as an Aboriginal person; or at least 50 per cent of household members self-identified as an Aboriginal person.

In all provinces and territories, Indigenous households are more likely to be in housing need than the rest of the population. The difference is the greatest in Saskatchewan and Manitoba where Indigenous households are respectively 1.8 and 1.7 times more likely to be in housing need than the rest of the residents in those provinces.

**Figure 2-3 Geographic Distribution of Indigenous Households Experiencing Core Housing Need, 2020 (projected)**



Sources: Statistics Canada, CMHC

Note: 2016 levels are adjusted for demographic growth, incidence of housing need is kept constant.

While the incidence of housing need is the highest in the Territories, on a total household basis, only 5% of all Indigenous households in housing need live in the Territories. On the other hand, 20% of Indigenous households in housing need live in Ontario.

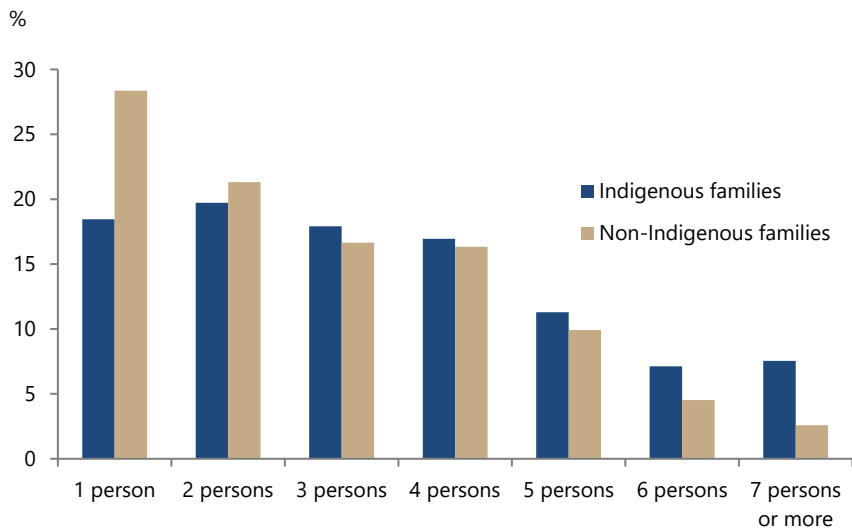
Across Canada, 57% of Indigenous households in housing need reside in a census metropolitan area. Winnipeg is the metropolitan area that houses the highest number of Indigenous households in housing need (estimated to be around 9,000) and Vancouver comes second with a number reaching an estimated 8,000.

For the average Indigenous household, 58% of the total income of the household is from market sources such as employment, investment or retirement income with the residual 42% coming from government transfers.

Even with comparable income Indigenous households are more likely to be in housing need. Indigenous households with total income in the lowest and second-lowest quintile of the household income distribution were respectively 1.3 and 1.6 times more likely to be in housing need than the income-equivalent non-Indigenous households.

One factor contributing to higher rate of housing need among Indigenous families is that larger families face higher shelter costs due to the size of suitable dwellings. Indigenous economic families in housing need are on average larger than non-Indigenous families and 1.5 times more likely than non-Indigenous families to include 5 persons or more.<sup>2</sup>

**Figure 2-4 Family Size Distribution for Households in Housing need**



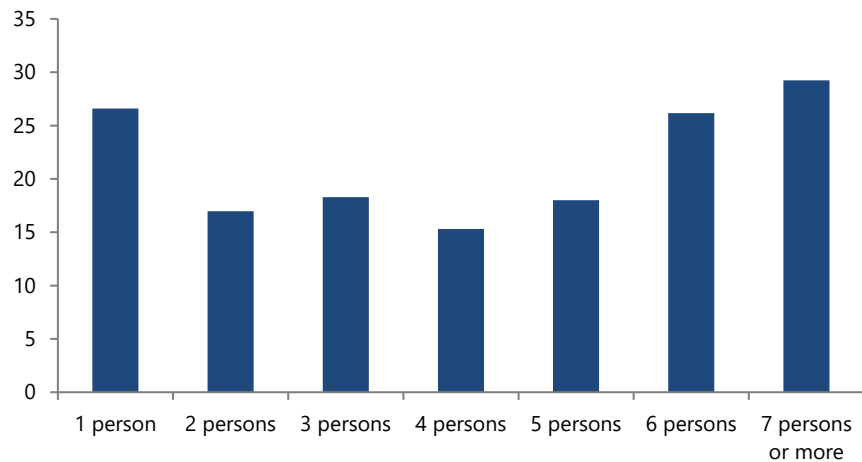
Source: Statistics Canada

Note: Family size based on Statistics Canada's definition of economic family.

In general, larger Indigenous families are more likely to experience housing need, with the notable exception of individuals not living with another family member. Crowded housing is an issue for more than 60% of Indigenous families of 5 persons or more in housing need as suitable housing might be unaffordable or unavailable.

**Figure 2-5 Incidence of Housing need Across Indigenous Family Size Distribution**

% of these households who are in housing need



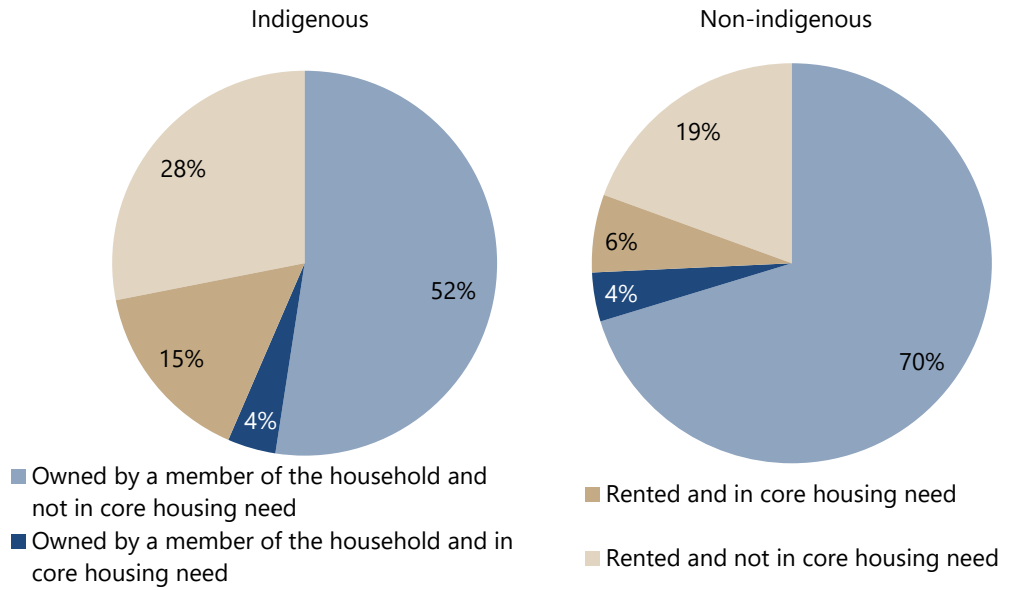
Source: Statistics Canada

Note: Family size based on Statistics Canada’s definition of economic family.

However, one factor that influences family size is family doubling within households. That is, two census families could be sharing a dwelling out of necessity. In 2016, roughly 6% of the Indigenous households in housing need were composed of multiple census families. It is not possible to know which proportion of households choose such arrangement by choice rather than by necessity, but family doubling could result in up to 7,500 additional households requiring housing support.

Indigenous households are more likely to rent their home, and more likely to be in housing need. In 2016, 57% of the off-reserve Indigenous population lived in a dwelling owned by a member of their household compared to 74% of the rest of the population. One third of the Indigenous renters are in housing need.

**Figure 2-6 Incidence of Housing need by Dwelling Tenure**

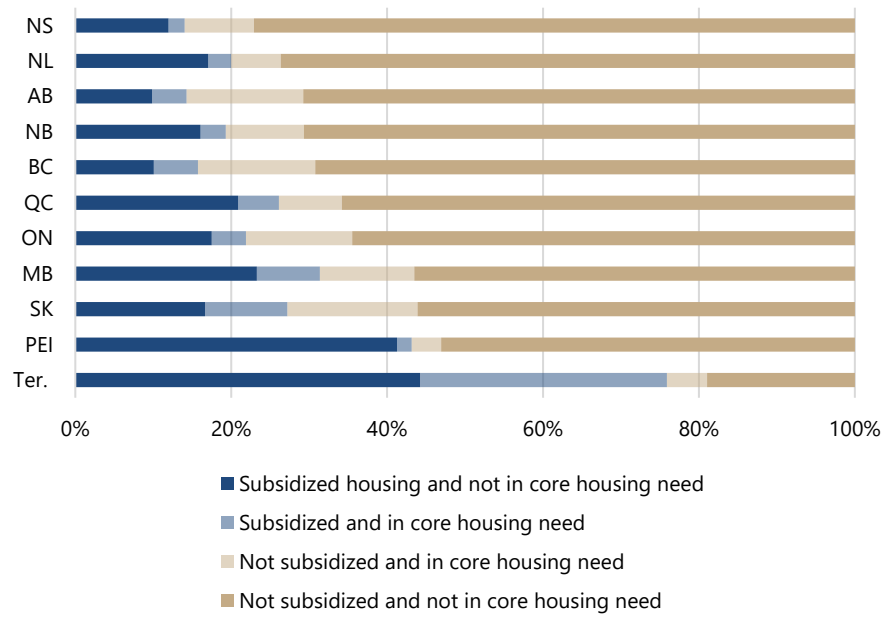


Source: Statistics Canada

Among Indigenous households who rent their home, 25% live in subsidized housing across Canada. In the territories, more than three quarters of the Indigenous population lives in subsidized housing. At the other end of the spectrum, only 15% of Indigenous Manitobans live in subsidized housing.

While subsidized housing should improve the housing conditions of the occupants, in Canada, 47 % of Indigenous individuals living in subsidized housing are still in housing need.

**Figure 2-7 Subsidized housing and housing need incidence in the Indigenous population**



Source: Statistics Canada

Note: Does not include individuals who live in a dwelling owned by a member of the household.

Throughout Canada and adjusting the 2016 levels for population growth, we estimate that in 2020, 124,000 Indigenous households were in housing need and of those 31,000 were in subsidized housing.

**Table 2-1 Indigenous Households receiving housing support and in housing need**

<i>Thousands of households</i>	<b>Subsidized housing</b>	<b>Not subsidized housing</b>	<b>Total</b>
<b>In housing need</b>	31	93	124
<b>Not in housing need</b>	36	518	553
<b>Total</b>	67	610	677

Sources: Statistics Canada, PBO.

Notes: 2016 household counts adjusted for demographic growth from 2016 to 2020.

## 2.3. Estimating the housing needs gap

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The basis of the housing need indicator is that the income of the household is insufficient to obtain adequate and suitable housing. In other words, there is a gap between what households can afford to pay (based on that standard) and what they would have to pay for adequate and suitable housing. Affordability gaps calculations are detailed in Appendix F.

The average gap in Canada's main urban centres averaged roughly \$5,700. Outside major urban centres, shelter costs would need to be reduced by \$4,000 dollars for the median household to comfortably afford suitable housing. We estimate that nationally, the affordability gap of all Indigenous households in housing need would be \$636 million.<sup>3</sup> Table 4-4 details cost estimates for addressing this housing gap to various extents under various programs.

## 2.4. Homelessness

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From data collected by Employment and Social Development Canada (ESDC) it is estimated that between 34,400 and 45,300 Indigenous persons used an emergency shelter in 2016. 31% of shelter users identified as Indigenous. In comparison around 5% of the total Canadian population identifies as Indigenous, highlighting the over representation of Indigenous people within the homeless population.

ESDC also collects data as part of their Point-in-Time counts. Of those experiencing homelessness, Indigenous persons are more likely to be staying in unsheltered locations or staying with others, suggesting that shelter specific statistics might underestimate the extent of homelessness among Indigenous Peoples. The latest Point-in-Time Count in 2018 suggests there were 7,000 Indigenous persons in shelters or unsheltered locations across the 61 communities surveyed.

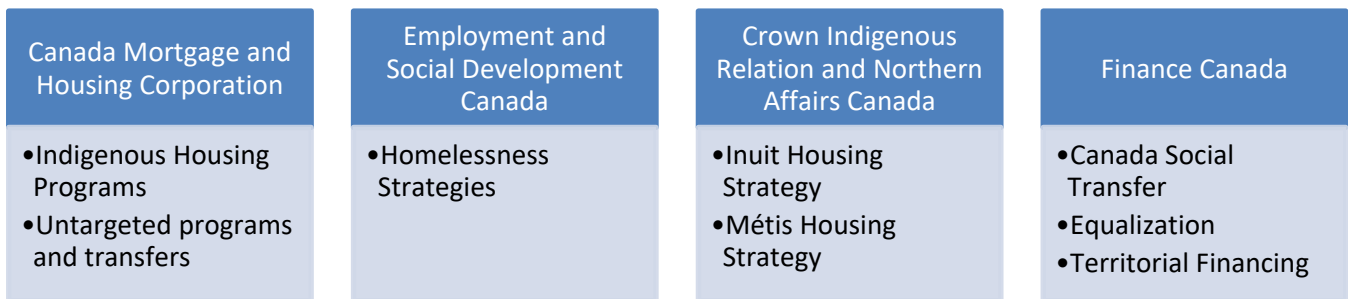


# 3. Spending and Counts of Indigenous Housing

Canada’s federal government primarily funds programs to address housing affordability, including housing affordability for Indigenous persons in urban rural and northern areas, through the Canada Mortgage and Housing Corporation (CMHC). CMHC has two specific off-reserve Indigenous housing programs. It also provides funding for certain Indigenous housing projects under other housing programs, and funds other housing projects which may be used by Indigenous households.<sup>4</sup> CMHC also provides transfers to provincial and territorial governments to support their delivery of housing programs.

Outside of CMHC, the Federal Government provides funding to address homelessness through Employment and Social Development Canada (ESDC), funding for Métis and Inuit housing strategies through Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) and a variety of general transfers from Finance Canada that could be used in part for housing.

**Figure 3-1 Overview of Federal Support for Housing**



Source: PBO

### Spending on Indigenous Housing over 10-year

As shown in the table below, Canada’s Federal Government has explicitly allocated \$179 million per year for Indigenous housing and homelessness over the 10-year term of Canada’s National Housing Strategy.<sup>5</sup> Of the \$30.6 billion CMHC plans to spend over that period, \$257 million (0.8%) is allocated to Indigenous housing programs.<sup>6</sup> CMHC has allocated a further \$225 million (0.7%) for Indigenous housing projects through other housing programs. Of the \$2.9 billion over 10-year ESDC plans to spend to address homelessness, \$413 million (14%) is allocated to Indigenous homelessness. Finally, CIRNAC

plans to transfer \$0.9 billion over 10 years in support of Métis and Inuit housing.

Beyond these specific allocations for Indigenous housing, Finance Canada and CMHC transfers make contributions to the funds available to provinces and territories for various social policies, including Indigenous housing. In addition, social housing and homelessness programs which are not targeted to Indigenous peoples frequently house Indigenous households. Making a nominal allocation for Indigenous housing and homelessness for these programs and transfers, the federal government provides approximately \$838 million per year in support for Indigenous housing and homelessness. Within this total, the greatest contributions towards housing for Indigenous people are attributable to CMHC's transfers to the provinces and territories and Finance Canada's territorial financing.

**Table 3-1 Summary of Annualized Spending on Indigenous Housing, by Department and Program Grouping, over the Term of Canada's National Housing Strategy**

<b>Depart</b>	<b>Program Grouping</b>	<b>Annual funding for Program Grouping (\$ million / y)</b>	<b>Explicit Annual Allocations for Indigenous Housing and Homelessness (\$ millions/ y)</b>	<b>Nominal Annual Contribution towards Indigenous Housing and Homelessness (\$ million /y)</b>	<b>Share of Spending within the Funded Portfolio which is Housing Assistance for Indigenous Households</b>
<b>CMHC</b>	Indigenous	26	26	<b>26</b>	N/A
	Non-targeted and transfers	3,030	23	<b>366</b>	11% <sup>7</sup>
<b>ESDC</b>	Reaching Home	289	41	<b>116</b>	30% <sup>8</sup>
<b>CIRNAC</b>	Métis and Inuit	90	90	<b>90</b>	N/A
<b>Finance</b>	Canada Social Transfer	15,000	-	<b>62</b>	0.4%
	Equalization	20,600	-	<b>19</b>	0.1%
	Territorial Financing	4,200	-	<b>160</b>	3.8%
<b>Total</b>			<b>179</b>	<b>838</b>	

Source: PBO

Note: Finance transfers reflect transfers in 2019-20 rather than a projection over the term of the NHS. Nominal allocations reflect the share of spending within the funded portfolio attributable to housing in each province, multiplied by the

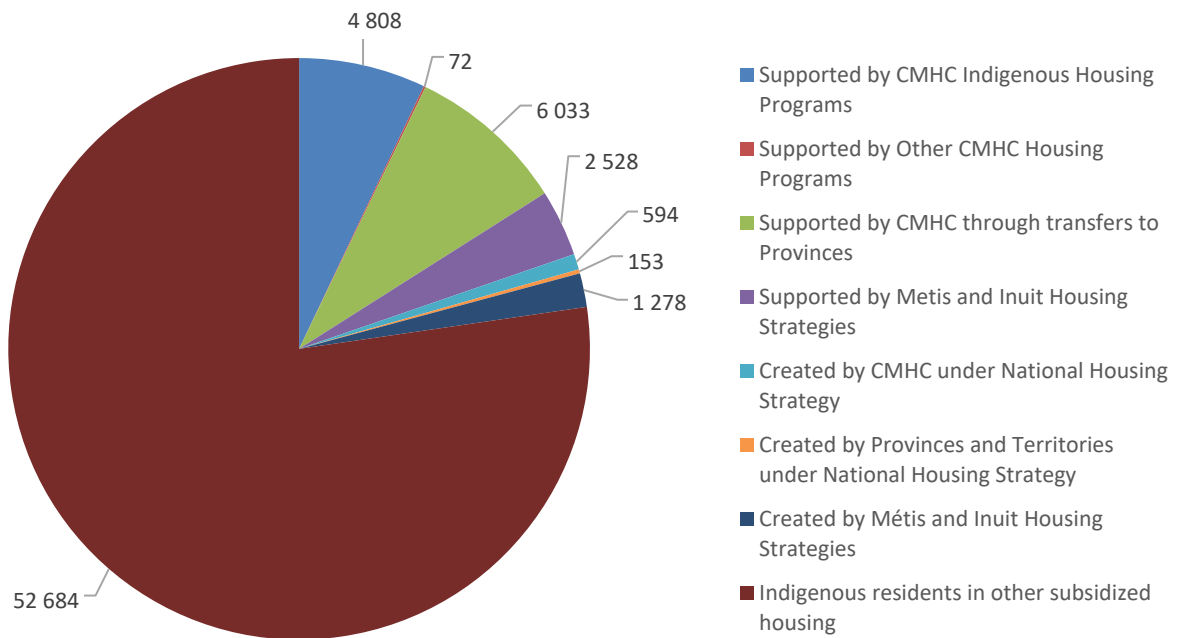
applicable share of persons in subsidized housing who are Indigenous. See Appendix G for calculations.

### Units of Indigenous Housing

We estimate that about 67,000 Indigenous households lived in subsidized housing in 2020. Of those Indigenous households in subsidized housing, about 15,000 (23%) live in units directly created by CMHC’s Indigenous housing programs and that receive some ongoing financial support from CMHC, either directly or through the provinces and territories.

Of the remaining 53,000 Indigenous households living in subsidized housing, most live in subsidized housing which is not targeted to indigenous people. A further 93,000 Indigenous households in housing need do not live in subsidized housing for an estimated total of 160,000 Indigenous households who are either in social housing or in housing need.<sup>9</sup>

**Figure 3-2 Housing Support for Indigenous Households in Housing Need (number of households)**



Source: PBO based on 2016 Census, data provided by CMHC, and bilateral agreements

Note: The numbers of Indigenous households receiving housing support reflects the number of persons in subsidized housing in the 2016 Census, while the additional number in housing need reflects the number of persons in housing need but not in subsidized housing in the 2016 Census.

Housing created by CMHC programs is derived from data provided by CMHC. The number of housing units supported by CMHC through transfers reflects the number of Urban Native Housing units that provinces and territories committed to maintain under the bilateral agreements. As discussed above, CMHC transfers contribute to some extent to all housing support provided by the provinces and territories.

### 3.1. Indigenous Housing Programs Administered by CMHC

#### CMHC’s Indigenous Housing Programs

Canada Mortgage and Housing Corporation has two programs specifically intended to address Indigenous housing need: a) the Urban Native housing program; and b) the Rural and Native housing program. These programs sustain housing created prior to 1993. These two programs account for \$257 million in planned spending over the 10 years of Canada’s National Housing Strategy, and about 0.8% of the \$30.6 billion in total planned budgetary expenditures over the term of the Strategy. In 2019-20, \$87 million was spent on both programs.

**Table 3-2 CMHC Administered Indigenous Housing Programs in 2019-20**

	Program	Affordable Units	Affordability Commitment	Spending in 2019-20 (\$ millions)	
				Planned	Actual
<b>Indigenous Housing Programs</b>	<b>Urban Native</b>	2,281 sustained	Rents usually geared to income (typically 25% of household income)	28	79 <sup>10</sup>
	<b>Rural and Native</b>	190 Federal 2337 Cost-shared		12	8
<b>Total</b>		4,808 sustained		41	87

Source: PBO calculations based on project data provided by CMHC

Note: On-reserve Indigenous housing programs are excluded.

The Urban Native Housing program was allocated \$172 million over 10 years under Canada’s National Housing Strategy. In 2019-20, CMHC continued to subsidize 2,281 Urban Native housing program units that were not transferred to the provinces. This subsidy is intended to cover the operational deficits and replacement reserve gaps of these housing providers.<sup>11</sup> Spending in 2019-20 was high due to a one-time top-up of capital reserves.

**Table 3-3 Urban Native Housing Key Figures**

Program	Units supported	Spending in \$ millions			
		NHS term Annual Allocation	2019	2018	2017
Urban Native	2,281	17	79 <sup>12</sup>	31	24

Source: PBO calculations based on data from CMHC and CMHC Assisted Housing Business Supplements.

The Rural and Native housing program was allocated \$85 million over 10 years under Canada’s National Housing Strategy, and \$8 million was spent in 2019-20.<sup>13</sup> This program continues to support 190 units administered by CMHC, and part of the cost of supporting 2,337 units administered by Quebec and Prince Edward Island. The funding is a subsidy to cover operational deficits where rents from tenants do not cover expenses associated with the properties.<sup>14</sup>

**Table 3-4 Rural and Native Housing Key Figures**

Program	Units supported	Spending in \$ millions			
		NHS term Annual Allocation	2019	2018	2017
Rural and Native	190 Federal funding 2,337 Cost-shared	8	8	14	10

Source: PBO based on data from CMHC and CMHC Assisted Housing Business Supplements.

## CMHC's Indigenous Housing Projects within Non-targeted Programs

### New Construction Programs

CMHC has a variety of other programs which fund the creation of new affordable units; including the National Housing Co-Investment Fund, Rental Construction Financing Initiative, Federal Lands Initiative, Rapid Housing Initiative, and Innovation Fund. Across all these programs, \$25 million was earmarked for Indigenous housing projects within the National Housing Co-Investment Fund (0.5% of the \$5.2 billion in planned spending under that program); while the other programs do not have any amount earmarked for Indigenous housing projects.<sup>15</sup> Table 3-5 details the units created under the various CMHC non-targeted programs.

**Table 3-5 CMHC Administered Indigenous Housing Projects under Other Programs – Construction, Repair, and Renewal**

<b>Program</b>	<b>Affordable Units Targeted to Indigenous Households Funded to date</b>	<b>Affordability Commitment</b>	<b>CMHC Funding Committed to Indigenous Housing to date in \$ millions (% of financial commitments to date)</b>	<b>CMHC Earmarked Funding for 2016-17 to 2027-28) in \$ millions (% of total funding)</b>
<b>National Housing Co-Investment Fund: New Construction<sup>16</sup></b>	109 new	60% of median market rent <sup>17</sup> for 20 years	8 (1.0%) 4 in loans (0.4%)	25 (0.5%)
<b>Rental Construction Financing Initiative</b>	230 new	70% of 30% of median income for 10 years	63 in loans (1.8%)	0
<b>Rapid Housing Initiative</b>	127 new	Various	42 (6.0%) <sup>18</sup>	0
<b>Innovation Fund</b>	128 new <sup>19</sup>	Various	0 (0.0%) 7 in loans (10.7%)	0
<b>Total</b>	<b>594 new</b>	<b>Various</b>	<b>50 74 in loans</b>	<b>25</b>

Source: PBO based on project data provided by CMHC

Notes: For the purposes of this chart, "Indigenous Housing Projects" includes all projects which identify Aboriginal people as a target group, whether or not the project is administered by an Aboriginal group or community, with the exception of Toronto Community Housing. Only projects with financial commitments are included. All units are counted irrespective of whether a project has been completed.

**Sustaining Social Housing**

CMHC also provides direct financial support to some social housing projects through the Federal Community Housing Initiative. The Federal Community Housing Initiative supports federal community housing, including some former Urban Native housing units. From 2017 to December 2020, this program provided \$0.2 million to sustain 72 Urban Native housing units as detailed in Table 3-6 below.

**Table 3-6 CMHC Administered Indigenous Housing Projects under Other Programs – Construction, Repair, and Renewal**

<b>Program</b>	<b>Affordable Units Targeted to Indigenous Households</b>	<b>Affordability Commitment</b>	<b>Funding Committed 2017 to Dec 2020 (\$ millions)</b>
<b>Federal Community Housing Initiative</b>	72 sustained	Rents usually geared to income (typically 30% of household income)	\$0.2

Source: PBO based on project data provided by CMHC

Notes: These figures are based on CMHC’s identification of Indigenous housing projects, which only includes units created under the Urban Native housing. It does not include housing targeted to Indigenous people created under other programs or non-Indigenous housing occupied by Indigenous households.

## 3.2. Indigenous Housing Administered by Subnational Governments

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Most housing assistance in Canada is provided by provinces, territories, and municipalities.

Based on the consolidated expenditures reported by the provincial and local governments, provinces and territories spent about \$6.6 billion on social assistance in the form of housing.<sup>20</sup> This represents about 1% of total consolidated spending by provincial and local governments. Appendix C details the spending associated with the main affordable housing programs administered by the subnational governments, highlights Indigenous-specific spending and provides a breakdown of the funding for those initiatives.

Finance Canada's and CMHC's transfers make contributions to the funds available for housing assistance including support for Indigenous housing. Attributing a contribution proportionate to the share of expenditures supported by these transfers which are housing social assistance, Finance Canada transfers contribute about \$0.9 billion annually to housing social assistance, and CMHC's transfers and spending outside of indigenous-specific programs contribute about \$3.0 billion annually to housing social assistance. Of those amounts, the federal government contributes about \$607 million annually to housing social assistance for Indigenous people.<sup>21</sup>

### Finance Canada Transfers

The Department of Finance provides the Canada Social Transfer to provinces each year, with \$15.0 billion provided in 2020-21. That funding can be used to support social assistance, including housing assistance. Equalization payments made to provinces with lower fiscal capacity, which totalled \$20.6 billion in 2020-21, and territorial financing, which totalled \$4.2 billion in 2020-21, can also be used for housing assistance.<sup>22</sup>

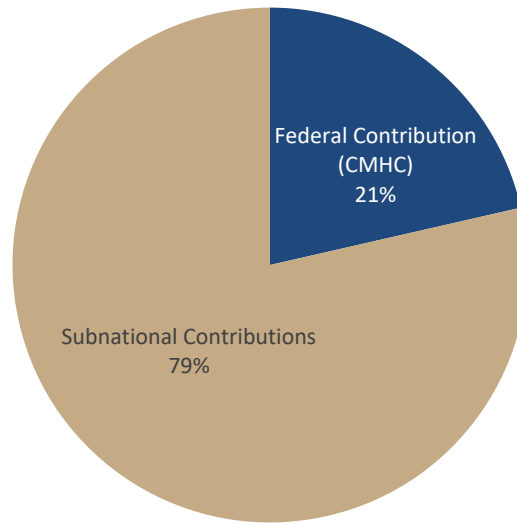


## CMHC Transfers and Cost Matching

Within CMHC, most funding to address housing affordability is disbursed as transfers to the provinces with \$13.7 billion, or \$1.4 billion annually, in planned spending over the term of the National Housing Strategy. This includes the Social Housing Agreements, Housing Partnership Agreement and Canada Housing Benefit.

CMHC transfers cover about 21% of government contributions for subnational expenditures on housing social assistance.

**Figure 3-3 Breakdown of Contributions for the Funding of Provincial and Territorial Housing Authorities**



Source: PBO based on Provincial housing authority financial statements.

Within the Canada Community Housing Initiative, \$200 million is dedicated to housing for urban Indigenous households (4.7% of the \$4.3 billion in planned spending under that program, and 1.5% of total planned CMHC transfers over the term of the National Housing Strategy).<sup>23</sup>

To date, housing projects targeted to Indigenous people have received \$0.1 million in contributions (0.2% of contributions under the program to date).

**Table 3-7 Canada Community Housing Initiative Funding**

<b>Program</b>	<b>Affordable Units Targeted to Indigenous Households</b>	<b>Affordability Commitment</b>	<b>Funding Committed 2017 to Dec 2020 \$ millions (% of contribution to date)</b>	<b>Earmarked Funding (2016-17 to 2027-28) (\$ millions)</b>
<b>Canada Community Housing Initiative</b>	199 sustained	Rents usually geared to income (typically 30% of household income)	\$0.1 (0.2%)	\$200

Source: PBO calculations based on project data provided by CMHC

While all other funding is not specifically earmarked for Indigenous housing, it will support Indigenous housing projects and other social housing and housing benefits used by Indigenous people. However, the number of Indigenous housing units and total funding for such units cannot be determined or projected.

## Provincial Progress Reporting

Support for Indigenous housing created under the Urban Native housing program prior to 1993 was largely transferred to the provinces under the Social Housing Agreements. Under the Housing Partnership Framework agreement, the baseline number of Urban Native housing units to be maintained and restored to good condition by the province are set out in the table below.<sup>24</sup> These 6,033 low-income Urban Native housing units represent 2.4% of the 252,431 total baseline low-income housing units supported by federal transfers under the bilateral agreements.<sup>25</sup>

**Table 3-8 Baseline Number of Units of Low-Income Indigenous Housing to be Maintained by Provinces and Territories, Under Bilateral Agreements**

	<b>Low-income Indigenous Housing</b>
<b>Quebec</b>	1,128
<b>Ontario</b>	1,452
<b>British Columbia</b>	1,739
<b>Northwest Territories</b>	75
<b>Prince Edward Island</b>	0
<b>Newfoundland and Labrador</b>	75
<b>Saskatchewan</b>	249
<b>Alberta</b>	507
<b>Yukon</b>	0
<b>New Brunswick</b>	34
<b>Manitoba</b>	663
<b>Nunavut</b>	0
<b>Nova Scotia</b>	111
<b>Total</b>	6,033

Source: CMHC Bilateral Agreements

Note: This baseline number of units under the bilateral agreements only captures Urban Native housing units, not all low-income Indigenous housing.

In 2019-20, Provincial and Territorial governments reported constructing a total of 153 units of low-income Indigenous housing units and repaired an additional 603 such units.

**Table 3-9 Newly Created and Repaired Low-Income Indigenous Housing in Reporting Provinces, 2019-2020**

<b>Provincial Results</b>	<b>New low-income indigenous housing</b>	<b>Repaired low-income indigenous housing</b>	<b>Indigenous Canada Housing Benefit Recipients</b>
<b>Ontario</b>	103	380	0
<b>Alberta</b>	33	167	0
<b>Saskatchewan</b>	11	0	0
<b>British Columbia</b>	6	0	
<b>Newfoundland and Labrador</b>	0	0	0
<b>Nova Scotia</b>	0	36	
<b>New Brunswick</b>	0	9	0
<b>Manitoba</b>	0	11	0
<b>Northwest Territories</b>	0	0	0
<b>Total</b>	153	603	

Source: PBO based on reports submitted to CMHC

### 3.3. Indigenous Usage of Other Housing Projects

We estimate that 67,000 Indigenous households lived in subsidized housing in 2020.<sup>26</sup> This means that about 53,000 (79%) of Indigenous households reside in housing projects other than those identified above.

Estimating the exact breakdown of targeted and untargeted housing outside of CMHC-created Urban Native housing units is difficult because the total number of units targeted to Indigenous people is not tracked in many provinces. In Ontario, about 24% of Indigenous households in subsidized housing units live in subsidized units targeted to Indigenous people (other than Urban Native units). In Quebec, 65% of these Indigenous households are in targeted housing other than Urban Native units. A breakdown is presented below.

**Table 3-10 Indigenous households in subsidized housing**

	<b>Indigenous Households in Subsidized Housing</b>				
	<b>Urban Native</b>		<b>Non-Urban Native Subsidized Housing</b>		
	<b>Provincially administered</b>	<b>Federally administered<sup>27</sup></b>	<b>Targeted to Indigenous households</b>	<b>Not targeted to Indigenous households</b>	<b>Share targeted to Indigenous households</b>
<b>Quebec</b>	1,128	81	6,230 <sup>28</sup>	3,308	65%
<b>Ontario</b>	1,452	142	3,492 <sup>29</sup>	10,777	24%
<b>British Columbia</b>	1,739	0	3,261 <sup>30</sup>	3,880	46%

Source: PBO calculations based on baseline Indigenous housing specified in bilateral agreements, federal program data, and various sources regarding total Indigenous housing in each province.

Note: Total Indigenous housing counts may not be complete due to a lack of data.<sup>31</sup>

### 3.4. ESDC Homelessness Strategies

Employment and Social Development Canada provides funding to municipalities and not-for-profit organizations to address homelessness through a program known as “Reaching Home: Canada’s Homelessness Strategy”. Reaching Home primarily supports the initiatives of municipalities and not-for-profit organizations to address homelessness.<sup>32</sup>

#### Spending

Of this \$2.9 billion in funding allocated for ESDC’s homelessness strategies over the term of the National Housing Strategy, \$413 million (14%) is dedicated to addressing Indigenous homelessness in urban centres.<sup>33</sup> Of that funding, \$261 million is allocated to the Indigenous homelessness stream and \$152 million is allocated for Indigenous priorities. Under the Indigenous Homelessness Stream, ESDC provides funding to organizations that provide culturally-appropriate services and supports for Indigenous people at risk of or experiencing homelessness. Funding under the Indigenous priorities stream will be allocated in partnerships with national indigenous organizations and modern treaty holders.<sup>34</sup>

**Table 3-11 Funding and Planned Spending on ESDC Homelessness Strategies over the Term of the National Housing Strategy**

Item	Funding \$ millions 2018-19 to 2027-28
<b>Homelessness Partnering Strategy</b>	\$119
<b>Reaching Home – NHS Funding</b>	\$2,129
<b>Reaching Home – Covid-19 Top-ups</b>	\$694
<b>Total allocated funding</b>	<b>\$2,942</b>
<b>Reaching Home: Indigenous Homelessness Stream</b>	261
<b>Reaching Home: Indigenous Priorities</b>	152
<b>Funding allocated for Indigenous homeless</b>	\$413 (14%)

Source: PBO Calculation based on data from CMHC and 2020 Fall Economic Statement

Communities are required to match federal contributions. From 2014-15 to 2017-18, ESDC funding of \$508 million represented an average of 11% of the \$4.7 billion in total spending to address homelessness in the 51 designated communities, as reported by those communities.<sup>35</sup>

### **Outputs**

From 2014-15 to 2018-19, homelessness programs across Canada, supported in part by the Homelessness Partnership Strategy, placed an average of 6,010 persons per year through Housing First interventions, 8,812 persons per year through non-Housing First interventions, and provided 13,678 housing loss prevention interventions. It is unclear what portion of persons served were Indigenous.

Within Indigenous specific projects in an average year in the same period, 543 persons were placed in Housing First interventions, 1,264 were placed through other interventions, and 1,538 received housing loss prevention funding.

### 3.5. CIRNAC Indigenous Housing Strategies

Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) has committed \$400 million over 10 years to support Inuit housing and \$500 million over 10 years to support Métis housing.<sup>36</sup> At the end of 2020-21, the Inuit Housing Strategy will have created 120 units (excluding Nunavut), while the Métis housing will have created 1,158 units and have provided subsidies to a further 2,528 units.

**Table 3-12 Federal Contributions and Units Created under the Inuit Housing Strategy**

	2018-2020	2021-2028	2018-2028
	Units Built	Planned number of units built	Total
Nunatsiavut Government	16	82	98
Inuvialuit Regional Corporation	8	67	75
Makivik Corporation	96	375	471
Total Units (Excluding Nunavut)	120	524	644
Estimated Federal Contributions (\$ millions)	48	112	160
Federal Contributions per unit	\$400,000	\$213,740	\$248,447
Estimated Federal Contributions for Nunavut (\$ millions)			240

Source: PBO based on data provided by CIRNAC from progress reports.

Note: CIRNAC did not provide a spending profile so a constant cost profile is presented. Federal contributions are only one revenue source used to support the creation of identified housing units. Some funding was used for repairs and demolitions.

**Table 3-13 Métis Housing Strategy Key Figures**

Program	Outputs		Spending in \$ millions			
	Units created	Units subsidized per year	NHS term Annual Allocation	2020-21	2019-20	2018-19
Métis Housing Strategy	1,158	2,528	50	51	45	45

Source: PBO based on data provided by CIRNAC

Note: Units created includes units purchased by Métis households with down payment assistance.



### 3.6. Reconciliation with Annouced Funding

A breakdown of the announced \$638 million in funding for First Nations off-reserve can be found in the table below.<sup>37</sup> The implied annual funding, \$63 million per year, is lower than the \$179 million in annual targeted funding identified in our estimate because it does not include CMHC’s indigenous housing programs or CIRNAC’s Métis and Inuit Housing Strategies.

**Table 3-14 Breakdown of Announced Allocation for First Nations Off-Reserve Housing over the Term of Canada’s National Housing Strategy**

<b>Dept.</b>	<b>Program</b>	<b>Allocation (\$ millions)</b>
<b>ESDC</b>	<b>Reaching Home: Indigenous Homelessness Stream</b>	261
<b>ESDC</b>	<b>Reaching Home: Indigenous Priorities</b>	152
<b>CMHC</b>	<b>Canada Community Housing Initiative</b>	200
<b>CMHC</b>	<b>National Housing Co-Investment Fund</b>	25
<b>Total</b>		<b>638</b>

Source: PBO based on ESDC Announcement

Note: This is a breakdown of the announced \$638 million investment, all these allocations were discussed in the preceding sections.

## 4. Unit Costs

The main policies used in Canada to address the affordability of housing for low-income households, including Indigenous households, are:

1. Rent subsidies paid to households;
2. Rent supplements paid to landlords;
3. Capital contributions towards new housing; and
4. Operating subsidies to support existing social housing.

It is not possible to specify a single unit cost to provide any of these types of support because the unit cost would depend on the depth of support provided; for example, the unit cost to provide a rent subsidy of \$X would be approximately \$X per household assisted plus administrative costs.

With an efficient program design, the cost to provide \$1 in benefits to target households is approximately \$1 to all levels of government. The “benefit” may be reduced shelter costs, increased income, or the value of an increase in the quality of housing. Additional information regarding cost-drivers is outline in Appendix G. This section does not calculate unit costs for homelessness programs.<sup>38</sup>

**Table 4-1 Theoretical Unit Costs for Various Program Types**

<b>Program Type</b>	<b>Theoretical Unit Cost with Efficient Program Design</b>
<b>Rent subsidies paid to households</b> Ex. Canada Housing Benefit	Equal to value of subsidy
<b>Rent supplements paid to landlords</b> Ex. Rent Supplement Programs	Equal to difference between permitted rents and market rents over term
<b>Capital contributions towards new housing</b> Ex. National Housing Co-Investment Fund	Equal to difference between permitted rents and market rents over term
<b>Operating subsidies to support existing social housing</b> Ex. Canadian Community Housing Initiative	Equal to difference between permitted rents and operating and capital costs

Source: PBO. See also CMHC, Evaluation of the Urban Social Housing Programs (1999) p.66.

## 4.1. Empirical Unit Costs

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### Rent Subsidies

Since the amount paid for a rent subsidy is necessarily the same as the amount received by the tenant, the unit cost to provide rent subsidies can be approximated as the value of the subsidy plus administrative costs.

### Rent Supplements

A variation on rent subsidies is rent supplements, where a housing authority contracts with landlords to make housing available to low-income households. The housing authority pays the difference between a percentage of the tenant's income and a negotiated market rent, or the housing authority may lease the unit from the landlord and collect rents from the tenant.

Insufficient data was available to evaluate the cost-effectiveness of rent supplement programs. While the cost-effectiveness of rent supplements has been the subject of evaluations by CMHC and Saskatchewan Housing Corporation, those evaluations are now very dated and assessed the efficiency of paying market rents relative to constructing and operating social housing. These evaluations concluded that rent supplements were more cost-effective in the short term, but long-run cost-effectiveness was contingent on projections of rents and discount rates.<sup>39</sup>

A report by Ontario's Auditor General with respect to Ontario's Rent Supplement Program suggests that the housing authority in that province has not proven consistently effective in negotiating guaranteed rents at or below the market value for units.<sup>40</sup>

## Capital Contributions Towards New Housing

The average CMHC contribution per affordable Indigenous housing unit created under the National Housing Co-Investment Fund New Construction stream is \$69,693. Total government capital contributions were substantially higher for Indigenous housing projects at \$297,191 per affordable housing created. Some projects may also anticipate operating subsidies. The higher total subsidies needed for Indigenous projects likely reflects their lower anticipated revenues and higher anticipated operational costs.<sup>41</sup>

The total project cost for affordable Indigenous housing was \$355,716 per unit, which is slightly less than for non-Indigenous projects. A CMHC commissioned analysis of the economics of purpose-built rental housing put the cost of a basic project with 50 units between \$190,000 per unit and \$236,500 per unit, including land costs, across six of Canada’s largest cities.<sup>42</sup>

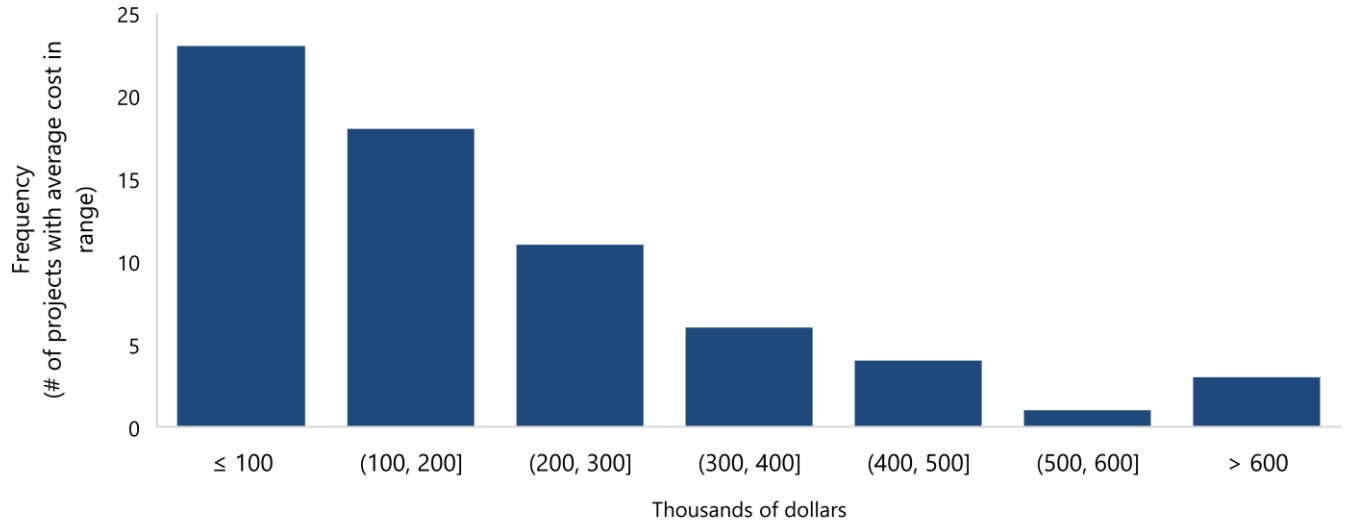
**Table 4-2 Average Contributions and Construction Cost per Unit for Projects created under National Housing Co-Investment Fund**

	New Construction	CMHC		Total Government		Proponent Construction Cost
		Contributions	Loans	Contributions	Loans	
<b>All projects</b>	Cost per Unit	\$47,023	\$93,824	\$134,628	\$109,987	\$364,325
	Cost per Affordable Unit	\$60,695	\$121,104	\$173,771	\$141,966	\$454,424
<b>Indigenous projects</b>	Cost per Unit	\$57,989	\$33,427	\$247,281	\$47,511	\$355,716
	Cost per Affordable Unit	\$69,693	\$40,173	\$297,191	\$57,101	\$427,512

Source: PBO based on project data provided by CMHC.

Note: Master applications were excluded as they often did not include an associated number of affordable units to be created.

**Figure 4-1 Total Government Contributions per Affordable Unit for Projects created under National Housing Co-Investment Fund**



Source: PBO calculations based on project data provided by CMHC

Comparing subsidies to rent discounts, National Housing Co-Investment Fund projects secured an average of \$0.38 in discounts relative to median market rents per dollar contributed, i.e. the cost to secure \$1 in discounts relative to median market rents is approximately \$2.63.<sup>43</sup>

CMHC chooses which projects to fund based on prioritization criteria, and the prioritization criteria indicate a share of total project costs which will be subsidized.<sup>44</sup> Although these criteria reward offering more affordable units, this allocation mechanism is not designed to select the most cost-effective projects. Rather, it may promote higher-quality mixed-income housing.<sup>45</sup>

For the Rapid Housing Initiative, CMHC has contributed an average of \$205,138 per affordable unit, but no data was provided on total government contributions, project costs or depth of affordability.<sup>46</sup> Total government contributions are also unknown for the Innovation Fund.

An evaluation of the prior Affordable Housing Initiative (2001 to 2011) suggests that the National Housing Co-Investment Fund is more cost-effective, since the Initiative had a cost of roughly \$5 in total government contributions per \$1 discount in relative to market rents for tenants.

As an example of the achievability of greater cost-efficiency at the program level, a review of US programs by the US Government Accountability Office found that their housing production programs were 16% to 25% more expensive on a life cycle basis than vouchers for units of the same size in the same location, depending on the program and unit type.<sup>47</sup>

Under the National Housing Co-Investment Fund, 0.3% of committed contributions for new construction have gone to private developers, with the remainder going to various governments and non-profits.

## Operating Subsidies to Support Existing Housing

Table 4-3 details the various operating subsidies by unit created under the Urban Native Housing Program, Rural and Native Housing Program, and the Federal Community Housing Initiative in 2019-20.<sup>48</sup>

**Table 4-3 Annual Unit Cost per Unit Sustained under Urban Native, Rural and Native, and Federal Community Housing Initiative Programs**

Program	Annual Unit Cost per Unit Sustained	
	2019-20 Actual Average	Annual NHS Allocation / 2019 Units
<b>Urban Native Housing</b>	34,728 <sup>49</sup>	7,560 <sup>50</sup>
<b>Rural and Native</b>	5,087 <sup>51</sup>	N/A
<b>Federal Community Housing Initiative</b>	3,816	N/A

Source: PBO calculations based on data provided by CMHC.

Provincial housing authorities also report units cost per unit sustained in the range of \$3,500 to \$5,500. However, at the federal level subsidies are provided based on operating shortfall and capital replacement needs, which appear highly variable.

## 4.2. Application of Unit Costs to Address Housing Need

The below table outlines the additional spending that would be required to reduce Indigenous housing need through a range of policy options.

**Table 4-4 Cost estimates for an illustrative range of policy options (\$ millions)**

Policy	Cost to address X% of affordability gap for 100% of Indigenous households in housing need			
	25%	50%	75%	100%
<b>Rent Subsidy, Rent Supplement or Reverse Auction</b>	159	318	477	636
<b>NHCF allocated capital contributions for unsubsidized plus rent subsidies for subsidized</b>	356	711	1,067	1,423
	Cost to provide X% of Indigenous households in housing need and not currently in subsidized housing with a typical Indigenous housing unit			
	25%	50%	75%	100%
<b>Capital contributions under the NHCF</b>	6,888	13,777	20,665	27,553
<b>(Annualized cost)</b>	344	689	1,033	1,378
<b>Capital contributions under reverse auction</b>	2,435	4,871	7,306	9,741
<b>(Annualized cost)</b>	122	244	365	487

Source: PBO

Note: Excludes administrative costs, which would depend on program design.

## Appendix A: Focus on Northern Housing

Across the Northwest Territories, Nunavut, and the Yukon, there are about 8,400 Indigenous households in subsidized housing. The total number of households in housing need is 6,335, including many in social housing. The share of Indigenous household in housing need is much higher in these territories than in the rest of Canada, reaching 44% of all Indigenous households in Nunavut.

**Table A-1 Households in Housing Need in the Northwest Territories, Nunavut, and the Yukon**

<b>Territory</b>	<b>Share of Indigenous households in housing need</b>	<b>Number in housing need</b>
<b>NWT</b>	22%	1,825
<b>Nunavut</b>	44%	3,574
<b>Yukon</b>	24%	936
<b>Total</b>		6,335

Source: PBO calculations based on Census 2016 Data.

Housing in the territories receive some contributions under general CMHC programs, with 73 Urban Native housing units in the Yukon sustained at a cost of \$2.8 million in 2019-20, and \$3.1 million contributed towards the creation of 110 affordable units in Nunavut and the Yukon under the National Housing Co-Investment Fund.

Some funding is allocated for northern housing under the National Housing Co-Investment Fund. CMHC's Shelter Initiative announced in 2020 will provide \$13 million over 5 years to create two shelters for Indigenous women and children in the Territories.<sup>52</sup> CMHC also recently announced further allocations of \$60 million for the Northwest Territories and \$40 million for the Yukon.<sup>53</sup>



**Table A-2 Direct Federal Contributions Towards Affordable Housing in Northwest Territories, Nunavut, and the Yukon**

<b>Territory</b>	<b>Urban Native (\$ million in 2019-20)</b>		<b>National Housing Co- Investment Fund (to date)</b>	
	<b>Units</b>	<b>\$</b>	<b>Units</b>	<b>\$</b>
<b>NWT</b>	0	0	0	0
<b>Nunavut</b>	0	0	65	2
<b>Yukon</b>	73	3	45	1
<b>Total</b>	73	3	110	3

Source: PBO calculations based on data provided by CMHC

Note: Excludes loans and units without affordability commitments. No support for housing in the Territories has been provided under the Rural and Native housing program or Rapid Housing Initiative, and only loans have been provided under the Innovation Fund and Rental Construction Financing Initiative. The location of units under the Federal Community Housing Initiative was not provided by CMHC.

Over the 10-year term of Canada's National Housing strategy, CMHC plans to transfer \$389 million under the Federal Provincial Territorial Partnership Housing (excluding the Canada Housing Benefit). Funding for the Canada Housing Benefit has not yet been determined, aside from \$9 million allocated for the Yukon. This funding is not specifically targeted to Indigenous Peoples.

**Table A-3 CMHC Transfers for Housing to the Northwest Territories, Nunavut, and the Yukon**

<b>Territory</b>	<b>Funding for Territorial Priorities, Canada Community Housing Initiative and Northern Housing</b>	<b>Funding for Canada Housing Benefit</b>	<b>Funding under Social Housing Agreements (\$ millions 2019-20)</b>
	<b>(\$ millions, 2019-20 to 2027-28)</b>		
<b>NWT</b>	84	TBD	18.4
<b>Nunavut</b>	266	TBD	27.8
<b>Yukon</b>	40	9	3.7
<b>Total</b>	389	TBD	50

Source: PBO calculations based on bilateral agreements and data provided by CMHC

Note: "TBD" indicates the amount of funding to be provided for the Canada Housing Benefit for a province has yet to be determined.

The units which must be maintained by the Territories under bilateral Social Housing agreements are a subset of social housing in the Territories, and only 75 of those units are Urban Native housing specifically dedicated to Indigenous Peoples.

**Table A-4 Northern Social Housing Units**

<b>Territory</b>	<b>Baseline social housing per bilateral agreement with CMHC</b>		<b>Per housing providers' websites</b>	<b>Per 2016 Census</b>
	<b>Units</b>	<b>Indigenous Units<sup>54</sup></b>	<b>Units</b>	<b>Units</b>
<b>NWT</b>	1,231	75	2,400	2,850
<b>Nunavut</b>	1,625	-	5,582	6,570
<b>Yukon</b>	543	-	979	1,255
<b>Total</b>	3,399	75	8,961	10,675

As noted above, Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) has committed \$400 million over 10 years to support Inuit housing, which will largely benefit households in the territories.<sup>55</sup>

In addition, territorial financing makes a major contribution to pool of funding available to the territories to address housing, among other issues. With \$4.2 billion paid in 2020, 5% of territorial expenditures on housing social assistance, and 75% of the territorial population in social housing, this suggests territorial financing makes a nominal contribution of approximately \$160 million/year towards housing in the north.

Construction costs are higher in the territories, with the average capital cost to construct a home in Nunavut being \$457,100.<sup>56</sup>

## Appendix B: Breakdown of Average Costs per Unit

The table below shows contributions and units created through financial commitments under Canada's National Housing Strategy to date. Average contribution and costs to date may not be representative as a small number of projects have been funded in some provinces. This table reflects all projects with CMHC financial commitments, excluding master applications, irrespective of whether the project has been completed.

Province	CMHC Contributions Committed	Total Contribution Committed	Project Costs	Units	Affordable Units	Average construction cost per unit	Average total contribution per affordable unit
Alberta	\$8,773,207	\$20,510,057	\$57,926,988	216	139	\$268,181	\$147,554
British Columbia	\$92,492,748	\$139,707,847	\$937,648,832	1941	1866	\$483,075	\$74,870
Manitoba	\$12,652,851	\$18,132,537	\$85,381,946	282	143	\$302,773	\$126,801
New Brunswick	\$1,594,514	\$4,143,214	\$13,593,449	68	55	\$199,904	\$75,331
Nova Scotia	\$5,864,607	\$10,161,107	\$13,241,210	74	74	\$178,935	\$137,312
Ontario	\$95,141,408	\$218,883,574	\$702,567,976	2309	1632	\$304,274	\$134,120
Prince Edward Island	\$1,861,482	\$2,831,482	\$43,557,368	176	120	\$247,485	\$23,596
Quebec	\$8,565,664	\$45,484,484	\$55,431,980	195	176	\$284,267	\$258,435
Saskatchewan	\$980,200	\$1,067,200	\$4,352,366	20	20	\$217,618	\$53,360
Yukon	\$9,081,000	\$17,801,231	\$26,690,463	45	45	\$593,121	\$395,583
<b>Overall</b>	<b>\$237,007,681</b>	<b>\$478,722,733</b>	<b>\$1,940,392,578</b>	<b>5326</b>	<b>4270</b>	<b>\$364,325</b>	<b>\$112,113</b>

Source PBO based on data provided by CMHC.

# Appendix C: Spending on housing by categories and programs by Province/Territory for FY2019-2020

Presented in bold are the spending categories that are specific to the Indigenous population and presented in the public reporting of the provinces.

Province	Spending Category	Programs	Total 2019-2020 Expenses (thousands of \$)	Government Contributions 2019-2020	
				Federal	Provincial
Alberta	Housing Subsidies and grants	Affordable Housing	166,369	47%	53%
		Capital Grants and Family and Senior Community Housing, Indigenous Housing			
		Capital Program			
	Rental assistance	Rent supplements	68,607		
	Total housing authority expenses (ASHC)		237,770		
British Columbia	Rental Assistance	Rapid Response to Homelessness	131,272	9%	91%
	Housing Subsidies and grants	Rapid Response to Homelessness, Community Housing Fund, Women's Transition Housing Fund, and Supportive Housing Fund	961,843		
		<b>Indigenous Housing Fund</b>	<b>47,730</b>		
	Total housing authority expenses (BCHMC and PRHC)		1,387,907		
Manitoba	Grants and subsidies	Portable Housing Benefit, Emergency Shelter Assistance, School Tax Assistance for Tenants 55 Plus, Co-op HomeStart, Homeless Strategy, etc.	4,910	30%	70%
	Rental subsidies	Not-for-Profit Housing Cooperative Housing Private Landlords	39,541		
	Total housing authority expenses (MHRC)		122,787		
	Operating loss on social housing	MHRC owned social housing sponsored or directly managed	130,172	N/A	N/A
	Rental Assistance (Non-EIA)	Non-EIA Rent Assist	35,724	N/A	N/A
New Brunswick	Housing Services	Public housing, Rent Supplement Assistance, etc.	100,200	N/A	N/A

Nova Scotia	Housing Service Programs and subsidies	Canada-Nova Scotia Targeted Housing Benefit, Community Housing Capacity Building Program, Shelter Enhancement, Public housing, Rent supplement, etc.	21,180	33%	67%
		Social housing subsidies	14,276		
	Total housing authority expenses (HNS)		206,169		
Newfoundland and Labrador	Grant and subsidies	Home Modification Program, Partner-Managed Housing Program, Provincial Home Repair Program, etc.	60,299	51%	49%
	Rental properties operations costs	Rental Housing Program	22,495		
	Total housing authority expenses (NLHC)		121,100		
Ontario	Homelessness programs	Ending Homelessness, Homelessness Prevention Program	403,474	18%	24%
	Grants and subsidies	Canada-Ontario Community Housing Initiative	33,159		
		Ontario Priority Housing Initiative	123,254		
		<b>Rural and Native Housing Program</b>	<b>6,892</b>		
		Affordable Housing Program	14,981		
		Ontario Mortgage and Housing Corporation	62,817		
		Payments to Service Managers	340,936		
	Rent Supports	Investment in Affordable Housing	79,206		
	Total expenses from Municipal Affairs/Housing, Housing Portfolio		1,098,201		
Additional municipal expenditures in excess of grants received		1,447,198			
Prince Edward Island	Total housing corporation expenses	Family social housing, rent supplements, etc.	27,387	60%	40%
Quebec	Grants and Subsidies	<b>Indigenous and Inuit social housing</b>	<b>132,893</b>	32%	68%
		<b>Housing initiative in Nunavut</b>	<b>66</b>		
		<b>Access to ownership and residential renovation program in Kativik Region</b>	<b>6,903</b>		
		Non-Indigenous specific social housing	346,710		
		AccèsLogis Québec	171,427		
		Rental Supplement	135,253		
	Other Programs from Société d'habitation du Québec	170,499			
Total housing authority expenses (SHDQ)		1,241,915			
Saskatchewan	Grants and Subsidies	Affordable Housing Programs	7,341	93%	7%
		Subsidy assistance	11,256		

		Other	125		
		Affordable Housing Programs	7,341		
		Total housing authority expenses (SHC)	172,714		
	Income Assistance Services	Rental Housing Supplements	33,681		
Yukon	Social housing, grants and subsidies	Staff and social housing, housing repairs programs, etc.	23,771	37%	63%
	Rent supplements	Rent supplement program	1,358		
	Total housing authority expenses (SHC)		33,435		
Nunavut	Social housing	Public housing	210,269	15%	86%
	Homeownership programs	Nunavut Down payment Assistance Program, Home renovation program, Tenant to owner program, etc.	5,042		
	Total housing authority expenses (SHC)		302,963		
Northwest Territories	Public housing, HELP and market housing and grants	Social housing, etc.	79,149	21%	79%
	Rent supplements	Rent Assistance	260		
	Total housing authority expenses (SHC)		107,337		
<b>Total Indigenous specific funding identified in provincial reporting</b>			<b>194,484</b>		
<b>Total funding identified from provincial housing authority</b>			<b>6,607,083</b>		
<u>Total funding identified from provincial reporting</u>			<u>6,806,660</u>		

## Appendix D: Administrative Costs

### CMHC Administrative Costs

CMHC's total expenses for assisted housing programs were \$2,057 million in 2019, of which \$210 million (10%) were operating expenses, i.e. administrative costs.<sup>57</sup>

**Table D-1 CMHC Administrative Costs and Staffing for Assisted Housing Programs, by Core Responsibility in 2019**

<b>Core Responsibility</b>	<b>Operating Expenses (\$ millions)</b>	<b>Total Program Expenses (\$ millions)</b>	<b>Full-Time Equivalents</b>
<b>Assistance for housing needs</b>	71	1,843	236
<b>Financing for housing</b>	36	78	88
<b>Housing expertise and capacity development</b>	103	136	333
<b>Total</b>	210	2,057	657

Source: PBO based on data provided by CMHC and CMHC 2019 Annual Report

Allocating administrative costs proportionate to the share of activity within each program attributable to Indigenous housing, approximately \$3.5 million in administrative costs would be apportioned to Indigenous housing programs.

**Table D-2 CMHC Administrative Costs Attributed to Indigenous Housing by Core Responsibility in 2019**

<b>Core Responsibility</b>	<b>Operating Expenses (\$ millions)</b>	<b>Share of costs attributed to Indigenous housing</b>	<b>Estimated Administrative Costs (\$ millions)</b>
<b>Assistance for housing needs</b>	71	5% <sup>58</sup>	3.5
<b>Financing for housing</b>	36	1%	0.4
<b>Housing expertise and capacity development</b>	103	N/A <sup>59</sup>	
<b>Total</b>	210		3.8

Source: PBO based on data provided by CMHC and CMHC 2019 Annual Report.

Note: Sub-national governments and project proponents may use some of the funding they receive as program expenditures to cover their administrative costs.

## ESDC Administrative Costs

For ESDC, in 2019-20, \$189.3 million (90.9%) of Reaching Home's \$208.2 million expenditures were transfer payments, with the remaining \$19 million (9.1%) being personnel expenses and other expenditures.<sup>60</sup> Some of ESDC's central administrative costs might also be attributed to this program.

Community organizations receiving funding are permitted to use up to 15% of the transfers they receive for their own administrative costs.<sup>61</sup> From 2014-2018, community partners self-reported spending \$37 million on administrative costs, which represents 7.2% of the funding they received from ESDC. However, this may not include some costs some parliamentarian may consider administrative costs, such as readiness activities or data tracking and monitoring. In addition, it is not clear whether this represents total administrative costs for the programs or just the share of those costs funded with ESDC funds.

## Sub-National Administrative Costs

The Federal, Provincial Territorial Housing Partnership Framework allows up to 10% of transfers to be used for administrative costs.<sup>62</sup>

Rent subsidies are administered by provincial and territorial governments or their municipalities, who don't distinguish the operating costs associated with particular programs.

## Administrative Costs by Program Design

Administrative costs depend on program design. For example, rent subsidies implemented through the tax system or benefit system without requiring additional processing would give rise to negligible administrative costs. In contrast, a detailed analysis was available for the United States Housing Choice Voucher program's administrative costs, which were \$70 USD per unit per month.<sup>63</sup> This program had a relatively high-cost design, which requires administrators to verify units are good in repair and the assess the ongoing eligibility and rents of clients.

Insufficient information was available to estimate the incremental administrative costs for the programs directly administered by CMHC. However, assuming the \$36 million in administrative costs in 2019 for financing for housing was typical of 2019-2020, and can be attributed to the 172 NHCF and 109 RCFI projects approved as of December 2021, CMHC's average administrative costs per application would exceed \$300,000. However, incremental administrative costs for additional units would likely be lower due to fixed costs.<sup>64</sup>



# Appendix E: Affordability Gap Methodology

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Affordability gaps were calculated based on the 2016 Census and CMHC data on rental market prices:

- For individuals identified to be in housing need, but in suitable and adequate housing, the gap is calculated as the difference between annual shelter costs of the household and 30% the household's annual income.
- For households in unsuitable or inadequate housing, the gap is calculated as the difference between the annual cost of a suitable rental in their community and 30% of the household income.

# Appendix F: Transfer Allocation Methodology

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Nominal allocations reflect the share of spending within the funded portfolio attributable to housing in each province, multiplied by the applicable share of persons in subsidized housing who are Indigenous. Such proportionate contributions are a nominal allocation because it is not possible to determine what provinces and territories would have spent on social housing without federal funding. It is possible that federal transfers for social housing displace provincial spending on social housing or, conversely, that matching requirements mean that federal transfers for social housing compel additional provincial spending on social housing.

To illustrate this approach:

- 3.7% of spending on education and social assistance was spending on housing and 11% of households in social housing are Indigenous, so 0.4% of this transfer (11% of 3.7%) was attributed to housing support for Indigenous people.
- 1.2% of all provincial spending was spending on housing and 11% of households in social housing are Indigenous, so 0.1% of this transfer (11% of 1.2%) was attributed to housing support for Indigenous people.
- 5% of all territorial spending was spending on housing and 75% of households in social housing in the territories are Indigenous, so 3.8% of this transfer (75% of 5%) was attributed to housing support for Indigenous peoples.

The actual calculation was performed for each province or territory, using the transfers and population of that province or territory. Expenditures on Housing Social Assistance as a share of Total Consolidated Expenditures are presented in Table E-1.

Table E-1 Consolidated Expenditures by Province and Territory

	<b>Expenditures on Housing Social Assistance (M\$)</b>	<b>Total Consolidated Expenditures (M\$)</b>	<b>Share of expenditures</b>
<b>Newfoundland and Labrador</b>	\$ 112	\$8,668	1%
<b>Prince Edward Island</b>	\$ 17	\$2,176	1%
<b>Nova Scotia</b>	\$ 157	\$14,081	1%
<b>New Brunswick</b>	\$ 112	\$11,800	1%
<b>Quebec</b>	\$1,165	\$132,986	1%
<b>Ontario</b>	\$2,548	\$201,930	1%
<b>Manitoba</b>	\$ 219	\$19,973	1%
<b>Saskatchewan</b>	\$ 174	\$18,960	1%
<b>Alberta</b>	\$ 405	\$70,399	1%
<b>British Columbia</b>	\$1,425	\$65,405	2%
<b>Yukon</b>	\$ 32	\$1,425	2%
<b>Northwest Territories</b>	\$ 84	\$2,171	4%
<b>Nunavut</b>	\$ 178	\$2,294	8%
<b>National Total of Consolidated Provincial and Local Spending</b>	\$6,628	\$551,623	1%

Source: PBO calculations based on Statistics Canada Table: 10-10-0005-01.

Note: The consolidation includes all expenditures by provinces and municipalities but deducts transfers from provinces to municipalities to avoid double-counting.

# Appendix G: Cost-Drivers

With an efficient program design, the cost to provide \$1 in benefits to target households is approximately \$1 to all levels of government. The “benefit” may be reduced shelter costs, increased income, or the value of an increase in the quality of housing. As a result, the primary cost drivers for housing programs are number of households being supported and the extent of support provided to those households.

Administrative efficiency, value for money, and targeting will also affect the cost-efficiency of housing programs.

**Table G-1 Other Factors Affecting Cost-Efficiency**

Concept	Application to housing programs
<b>Administrative Efficiency</b>	The more a program design requires active steps to be taken by program administrators, like verifying units are in good repair, verifying tenant’s incomes, or negotiating guaranteed rents with private landlords, the more it will cost.
<b>Value for Money</b>	A program may be inefficient if it does not receive proposals from the most cost-effective housing providers, does not choose the most-cost effective housing providers (for a given quality of housing), or provides housing providers with more funding than they would need to undertake the project.
<b>Targeting</b>	To the extent that the goal of a program is to benefit a particular group, such as low-income households by some definition, it may also cost more than the value of the benefits provided to that particular group if part of the support flows to other groups.

Some factors can affect the distribution or profile of costs, without having as much of an impact on the actual cost efficiency of a program. Specifically, the cost may be shared between multiple levels of government. Also, the cost profile may be a constant annual cost (as in the case of rent subsidies, operating subsidies and conditional loan forgiveness) or a single upfront cost (as in the case of capital contributions towards new housing).

# Notes

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- <sup>1</sup> See Appendix E.
- <sup>2</sup> Indigenous households in general are larger, but within the subset of household in core housing need the difference in family size is even greater.
- <sup>3</sup> The affordability gaps were calculated using the PUMF 2016 Census database and CMHC data on rental market prices. For individuals identified into be in core housing need, but in suitable housing, the gap is calculated as the difference between annual shelter costs and 30 % the household income. For those in unsuitable housing, the gap was the difference between the annual cost of a suitable rental in their community and 30% of the household income.
- <sup>4</sup> CMHC also funds housing on reserve, which is not the subject of this report.
- <sup>5</sup> The term of Canada's National Housing Strategy is 2018-19 to 2027-28.
- <sup>6</sup> Includes a \$1bn contingency and the Rapid Housing Initiative.
- <sup>7</sup> 11% of households in social housing are Indigenous.
- <sup>8</sup> 30% of homeless persons are Indigenous according to ESDC 2018 Point-In-Time Count.
- <sup>9</sup> PBO based on Census 2016 PUMF.
- <sup>10</sup> A top-up of capital reserves was provided to urban native housing projects in 2019-20, so the spending level and discrepancy from planned spending are unusually high.
- <sup>11</sup> CMHC explanation provided to PBO.
- <sup>12</sup> A top-up of capital reserves was provided to urban native housing projects in 2019-20, so the spending level and discrepancy from planned spending are unusually high.
- <sup>13</sup> Data provided by CMHC
- <sup>14</sup> CMHC explanation provided to PBO.
- <sup>15</sup> ESDC, [The Government of Canada announces significant investments to address Indigenous homelessness and housing.](#)
- <sup>16</sup> Excludes Toronto Community Housings Master Application to support the repair of 53,538 affordable housing units.
- <sup>17</sup> Affordability standards vary. 60% is the unweighted average for indigenous housing projects
- <sup>18</sup> Funding contributed to indigenous housing projects as a share of total contributions.
- <sup>19</sup> May included some repaired units
- <sup>20</sup> Statistics Canada Table: 10-10-0005-01

- 21 See Appendix F.
- 22 Finance Canada, [Major federal transfers](#) (2021).
- 23 ESDC, [The Government of Canada announces significant investments to address Indigenous homelessness and housing](#).
- 24 Federal-Provincial-Territorial Meeting of Ministers Responsible for Housing, [Federal/Provincial/Territorial \(FPT\) Housing Partnership Framework](#) (2018).
- 25 The “baseline” number of housing units is the number of existing units to be supported under the bilateral agreements with each province. It is a baseline because it is the starting point against progress towards outcomes will be measured. It does not capture all existing units, but rather seems to reflect the number transferred under Social Housing Agreements.
- 26 Census 2016 count scaled for population growth.
- 27 A small number of rural and native units are supported in Saskatchewan and PEI.
- 28 Residual inferred from total indigenous housing found by summing housing under Waskahegen corporation, HLM volet autochtone hors reserve-prive, HLM volet public inuit, Logement abordable Québec- volet, and kativik.
- 29 Total ONPHA, non-ONPHA and COOP
- 30 Total AHMA
- 31 CMHC’s Social and Affordable Housing Survey only identified indigenous clientele, not indigenous housing. The Census does not include questions regarding ownership or targeting for persons in subsidized housing.
- 32 ESDC, [Funding streams under Reaching Home](#) (2020).
- 33 ESDC, [The Government of Canada announces significant investments to address Indigenous homelessness and housing](#) (20 February 2019).
- 34 The National Indigenous Organizations are the Assembly of First Nations, Inuit Tapiriit Kanatami, and the Métis Nation.
- 35 Based on data provided by ESDC derived from community plans. Community in Quebec are not included in these figures.
- 36 Finance, [2018 Budget: Reconciliation – Supporting Inuit Priorities](#).
- 37 ESDC, [The Government of Canada announces significant investments to address Indigenous homelessness and housing](#) (20 February 2019).
- 38 The reporting by organizations does not allow spending associated with one kind of intervention to be identified. Furthermore, it is difficult to reduce the impact of homelessness programs to a single output, as a broader contextual analysis of effectiveness and cost savings would be required. Scattered-site housing with intensive case management would typically have a gross cost of approximately \$16,000 per participant per year.
- For scattered site homelessness programming costs see: Stergiopoulos V, Hwang SW, Gozdzik A, et al. Effect of Scattered-Site Housing Using Rent Supplements and Intensive Case Management on Housing Stability Among Homeless Adults With Mental Illness: A Randomized Trial. *JAMA*. 2015;313(9):905–915. doi:10.1001/jama.2015.1163. Cost in 2011 CAD of 14,177 was adjusted for inflation for 2011 to 2020.

For cost offsets see: Ly, A., & Latimer, E. (2015). Housing First Impact on Costs and Associated Cost Offsets: A Review of the Literature. *Canadian journal of psychiatry. Revue canadienne de psychiatrie*, 60(11), 475–487. <https://doi.org/10.1177/070674371506001103>

<sup>39</sup> CMHC, Evaluation of the Urban Social Housing Programs (1999); Saskatchewan Housing Corporation, Evaluation of the Rent Supplement Program (2001, unpublished). These evaluations did not address the actual rents negotiated with private housing providers or administrative costs.

<sup>40</sup> Office of the Auditor General of Ontario, [Rent Supplement Programs](#) (1998).

<sup>41</sup> CMHC, [Evaluation of the Urban Social Housing Programs](#) (1999); Steve Pomeroy, [Is Emperor Nero Fiddling as Rome Burns? Assessing Risk when Federal Subsidies End.](#)

<sup>42</sup> See Altus Group Data Solutions, [The Economics of New Purpose Built Rental Housing Development in Selected Canadian Markets](#) (2016).

<sup>43</sup> The achievability of this efficiency is premised on the following theoretical program parameters:

contracts for the supply of affordable housing are allocated through a reverse auction, with funding going to the project proponents willing to provide a certain quality and affordability of housing units at a given price;

the amount paid for the supply of affordable housing is limited to the price at which they indicated they were willing to supply those units; and

the reverse auction is sufficiently competitive to receive offers of supply equal to the discount relative to market value for such units. This may require that the program is open to all forms of affordable housing supply (including dedication of existing housing) and all types of project proponents. It may also require publicity or proposal development funding.

<sup>44</sup> Cost, cost per unit, total contribution and contribution per unit are not prioritization criteria. The prioritization score is calculated based on affordability (30 points out of 105 possible points), accessibility (15), environmental efficiency (15), partnerships (15), proximity to amenities (10), priority groups and on-site support (20). Base contributions are 5 to 30% of the project cost for non-profits, depending on prioritization score.

A subset of the prioritization criteria is used to determine forgivable loans for higher performance. Specifically, the criteria used are affordability, accessibility, and energy efficiency, with the same absolute weight given to each. Forgivable loans for higher performance are 0% to 10% of project costs for non-profits, depending on the incentive score.

CMHC indicated in correspondence that prioritization scores are not used in isolation for selection and that project viability is considered in determining forgivable loans.

See CMHC, [National Housing Co-Investment Fund Viability Assessment for New Construction.](#)

<sup>45</sup> The inclusion of market rent units increases total project costs and therefore the subsidy received, and subsidy received relative to the affordability commitments made.

<sup>46</sup> PBO based on data provided by CMHC

- 47 United States General Accounting Office, [Comparing the Characteristics and Costs of Housing Programs](#) (2002).
- 48 The FCHI provided \$170,237 to support 72 units but not all these units were subsidized for the full year. The figure provided is a weighted average of the monthly subsidies.
- 49 This number is atypically high due to a one-time capital reserve top-up
- 50 Funding declines over the term of Canada's National Housing Strategy.
- 51 Actual spending for this programs was provided only as "<1 million".
- 52 CMHC, [Shelters in the Territories](#).
- 53 CMHC letter to HUMA dated 24 November 2020.
- 54 This baseline only includes Urban Native housing transferred to the provinces
- 55 CIRNAC, [2019 Inuit Nunangat Housing Strategy](#).
- 56 CIRNAC, [2019 Inuit Nunangat Housing Strategy](#).
- 57 CMHC's fiscal year is the calendar year. CMHC, [A Commitment to Affordability: Annual Report 2019](#).
- 58 Since most assistance with housing need program expenditures were transfers to the provinces, this may understate the share of administrative costs attributable to indigenous housing program, but 2019 was also an unusually high-cost year due to the Urban Native capital reserve top-up
- 59 Not applicable. The allocation of a share of program expenditures to indigenous housing is not applicable to housing expertise and capacity development core responsibility as this core responsibility does not fund specific housing projects.
- 60 TBS, [InfoBase: Infographic for Reaching Home](#).
- 61 ESDC, [Reaching Home: Canada's Homelessness Strategy Directives](#).
- 62 Federal-Provincial-Territorial Meeting of Ministers Responsible for Housing, [Federal/Provincial/Territorial \(FPT\) Housing Partnership Framework](#) (2018).
- 63 Atb Associates, [Housing Choice Voucher Program: Administrative Fee Study Final Report](#) (2015).
- 64 For the deadline for publication, CMHC was not able to disaggregate administrative costs by program or provide administrative costs by core responsibility for other years. Some spending may be attributable to other financing for housing programs.