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Housing

ABORIGINAL HOUSING AND COMMUNITY SERVICES are in a bad state, by all measures falling below the standards that prevail elsewhere in Canada and threatening the health and well-being of Aboriginal people. The inadequacy of these services is visible evidence of the poverty and marginalization experienced disproportionately by Aboriginal people. Our terms of reference call for us to consider these problems, particularly the issue of “sub-standard housing”.

Housing policy is a tough challenge, so daunting that it has been under review by the federal government since 1988 with no sign of resolution. But the situation has not been static over the past eight years: needs have been increasing, and governments have been withdrawing progressively from the field. The impasse must be broken; otherwise, the demoralizing and debilitating effects of the housing crisis could undermine efforts to improve relations between Aboriginal people and the rest of Canadian society and impede the move to greater self-reliance in other areas.

The problem is threefold: lack of adequate incomes to support the private acquisition of housing, absence of a functioning housing market in many localities where Aboriginal people live, and lack of clarity and agreement on the nature and extent of government responsibility to respond to the problem. On reserves, the application of the *Indian Act* and collective systems of land tenure complicate the situation. For Aboriginal people not living on reserves, the inconsistent and declining support from federal and provincial governments is threatening to undermine gains made over the past 20 years.

In this chapter we propose a 10-year strategy. We argue that removal of barriers and steady, strategic investments can bring community services and the housing stock to a level of adequacy over five years and 10 years respectively. We also project that the economic status of communities will improve through the structural changes recommended elsewhere in our report, and this will reduce public costs for housing in the longer term. Most important, the injection of capital and the integration of housing objectives with other social and economic activities in Aboriginal communities will create a synergistic effect, making housing a source of community healing and economic renewal.

This chapter begins with a description of housing conditions, followed by a discussion of principles that provide a firm foundation for policies ensuring Aboriginal people have adequate and safe shelter. The urgency of upgrading community services in locations

where water supply and waste management present serious health hazards is considered next. Housing programs and policies on and off-reserve are treated separately, and an overview of government expenditures required for the proposed strategy is presented. Finally, we explore how housing and community services can contribute to community renewal and economic growth.

1. The Intolerable Housing and Living Conditions of Many Aboriginal People

1.1 Aboriginal and Canadian Housing Conditions

Well over \$2 billion of public funds have been spent and many new dwellings built in Aboriginal communities over the past decade.¹ However, standards of housing available to many Aboriginal households remain measurably below what is required for basic comfort, health and safety. This situation is documented in detail by the Aboriginal peoples survey (APS), the first comprehensive study of Aboriginal housing and living conditions, undertaken in 1991 by Statistics Canada.² It is confirmed for registered Indians living on reserves by 1994 data from the Department of Indian Affairs and Northern Development (DIAND). Combining these data sources provides a reasonably complete picture of the current situation among all Aboriginal groups.

Data from the APS omit a substantial number of registered Indian households on reserves, resulting in a count of 39,870 occupied private dwellings on reserves, compared with 73,659 housing units according to DIAND figures. Although it is possible to adjust the APS data to account for refusals and under-reporting on reserves, a substantial difference remains even in the adjusted figures. In this chapter, we use APS data for Indian people living off-reserve, Métis people and Inuit. The source for housing conditions on reserves is DIAND documents, except where extensive comparisons are drawn, as in Tables 4.1 and 4.2.

TABLE 4.1
Comparison of Canadian and Aboriginal Housing Indicators, 1991

	Canada	Aboriginal ¹	Aboriginal Position
Occupied dwellings	10,018,265	239,240	2.4% of Canadian households ²
In need of major repairs	9.80%	19.60%	2 times as many in need of major repairs
Built before 1946	17.70%	13.60%	25% less than the Canada-wide proportion
No piped water supply	0.10%	9.40%	More than 90 times as many with no piped water
No bathroom facilities	0.60%	3.20%	More than 5 times as many
No flush toilet	0.50%	5.30%	More than 10 times as many
Average number of persons per dwelling	2.7	3.5	About 30% higher than the Canadian average
Average number of rooms per dwelling	6.1	5.8	Slightly smaller
Tenant-occupied dwellings	37.10%	48.70%	Almost 1/3 more tenants, not counting band-owned housing

Average gross rent per month	\$546.00	\$495.00	\$51 per month lower on average
Owner-occupied dwellings	62.60%	41.20%	About 34% fewer owners
Owner's major payment per month	\$682	\$603	\$79 per month lower on average

Notes:

1. According to the 1991 Aboriginal Peoples Survey (APS).

2. The actual figure is closer to 2.7 per cent of Canadian households, owing to under counting in the APS. Canada data include only non-farm, non-reserve dwellings. The Aboriginal data include all non-farm dwellings, including those on reserves, where at least one of the occupants self-identifies as an Aboriginal person. Note that tenant-occupied dwellings do not include band-owned housing, which is treated as a separate category (see Table 4.2). Owner's major payment per month refers to the average monthly payments made by the owner to secure shelter.

Source: See notes 3 and 5 at the end of the chapter.

In Table 4.1, APS data are compared with indicators of the housing situation for the Canadian population as a whole.³ We can see that

- houses occupied by Aboriginal people are twice as likely to need major repairs as those of all Canadians. Almost 20 per cent of dwellings — 47,000 homes — are in poor condition according to assessments by occupants. These conditions are present despite the fact that Aboriginal-occupied housing is generally newer than that occupied by other Canadians.
- On reserves alone, DIAND estimates that some 13,400 homes need major repairs and close to 6,000 require replacement, amounting to 26 per cent of the total, or two and a half times the proportion of Canadian dwellings in need of major repairs.
- Some of the most dramatic disparities between the Aboriginal and non-Aboriginal populations occur in the community services associated with dwellings. For example, Aboriginal households are more than 90 times as likely as other Canadian households to be living without a piped water supply. Indeed, most Canadian households without a piped water supply are probably Aboriginal households. On reserves, DIAND data show more than 10,500 dwellings still without indoor plumbing, or 14 per cent of the total.
- Turning to how many people live in each dwelling, the APS finds houses occupied by Aboriginal households are smaller on average than those of Canadians as a whole, yet they tend to have more occupants. Also, 25,890 dwellings (almost 11 per cent) occupied by Aboriginal households require additional bedrooms to accommodate the number of occupants. (There are no comparable figures for Canadian households as a whole. However, other housing indicators suggest that the proportion would be substantially lower.) On reserves, 4.9 per cent of band-owned housing units contain multiple-family households, compared to 1.2 per cent of all occupied dwellings, or more than four times the country-wide proportion.

• Aboriginal people are substantially more likely to be tenants than Canadians as a whole, and this understates the situation on reserves, where 59 per cent of households live in band-owned housing and tenure is uncertain. Whereas home ownership is the largest single form of wealth enjoyed by the majority of Canadians, it is much less common among Aboriginal people. This reality affects everything from their incentives to upgrade and their ability to modify their dwellings to their future legacy to their children.

TABLE 4.2
Housing Conditions of Aboriginal People, 1991

	North American Indians		Métis	Inuit
	On-reserve*	Non-reserve		
Occupied dwellings	39,870	137,580	65,005	9,655
Average number of persons per dwelling	4.3	3.3	3.3	4.3
Average number of rooms per dwelling	5.5	5.9	5.9	5.4
Tenant-occupied dwellings	5,435 (13.6)	77,445 (56.3)	33,535 (51.6)	7,125 (73.8)
Average gross rent per month (\$)	362	517	505	318
Owner-occupied dwellings	10,755 (27.0)	60,025 (43.6)	30,893 (47.5)	2,510 (26.0)
Average owner's major payment per month	207	670	607	538
Band-owned dwellings	23,675 (59.4)	—	570	—
Available water not suitable for drinking	9,575 (24.0)	27,620 (20.1)	10,855 (16.7)	2,430 (25.2)
No electricity	2,585 (6.5)	9,645 (7.0)	3,682 (5.7)	445 (4.6)
No bathroom facilities	4,595 (11.5)	10,530 (7.7)	1,425 (2.2)	85 (0.9)
No flush toilet	7,715 (19.4)	2,880 (2.1)	2,230 (3.4)	496 (5.1)
In need of major repairs	15,445 (38.7)	21,420 (15.6)	10,965 (16.9)	1,770 (18.3)
Needs of residents not adequately met	15,610 (39.2)	22,905 (16.6)	12,090 (18.6)	3,175 (32.9)
Residents on waiting list for housing	5,545 (13.9)	10,065 (7.3)	4,070 (6.5)	1,255 (13.0)
Dwellings not covered by insurance	19,180 (48.1)	30,710 (22.3)	15,200 (23.4)	2,760 (28.6)

Notes:

Data pertain to dwellings where at least one of the occupants identifies as a member of an Aboriginal group. Numbers in parentheses indicate percentage of total number of dwellings for that group.

* Data from the APS are deficient because of under-reporting but are the only data suitable for comparisons between Aboriginal groups. See note 5 at the end of the chapter.

— = not applicable.

Source: Statistics Canada, 1991 Aboriginal Peoples Survey, catalogue no. 89-535. See also note 3 at the end of the chapter..

The primary source of the gap between Aboriginal and non-Aboriginal housing is affordability, or the difference between household incomes and the costs of adequate, suitable housing. In 1992, between 11 and 12 per cent of Canadian households — owners and renters — could not afford their dwellings or could not afford to upgrade their living conditions to a reasonable standard of adequacy. These households are said to be ‘in core housing need’, that is, their housing does not meet today’s standards for adequacy, suitability and affordability. These households do not have sufficient income to afford rental accommodation that meets minimum standards, and they spend or would have to spend more than 30 per cent of their income to obtain adequate and suitable accommodation. By contrast, DIAND estimates that, based on household income, only about 16 per cent of the 74,000 on-reserve households can afford the full cost of adequate accommodation. This amounts to about 12,000 households. Of the other 62,000 households on reserves, 15,000 are in houses subsidized by the Canada Mortgage and Housing Corporation (CMHC) that meet their needs. Thus, about 47,000 households on reserves probably cannot afford the full cost of adequate accommodation.

Using data from the 1991 Aboriginal peoples survey, CMHC estimates the total number of Métis, Inuit and off-reserve Indian households that are in core need at 63,000.⁴ Combining this estimate with the estimate of on-reserve households that cannot afford the full cost of adequate accommodation suggests that Aboriginal people account for about nine per cent of all Canadian households in housing need, that is, 110,000 out of 1.16 million.⁵ However, Aboriginal households comprise only about 2.7 per cent of all Canadian households. In other words, even though Aboriginal people tend to be living in housing that is cheaper and of poorer quality, they are more than three times as likely as other Canadian households to be unable to afford it.

The statistics on housing and living conditions are confirmed by the daily experience of Aboriginal people as presented in testimony to the Commission. Again and again, they told of the problems of overcrowded and substandard dwellings in their communities. For example, Valerie Monague, a social service administrator from Christian Island, Ontario, told Commissioners, “We have families that are doubled and tripled up. We have up to 18 and 20 people sometimes living in a single unit built for one family”.⁶ Martin Heavy Head, chairman of the Treaty 7 Urban Indian Housing Authority, noted that “low-income Native families...have no other place to go. The slum landlords in town are doing a great business”.⁷ Matthew Stewart, speaking in Vancouver on behalf of the National Aboriginal Housing Committee, said that for people living off-reserve “the biggest single problem...is affordable housing”.⁸

Aboriginal housing conditions have been improving gradually, and the conditions described by the statistics are better than they were a decade ago. But the differences between these conditions and those of the general Canadian population remain great.

1.2 Contrasts Among Aboriginal Groups and Within Communities

Not all Aboriginal people face the same living conditions. A visit to a First Nations reserve near Montreal or in southern Ontario, a Métis community in Saskatchewan, a Denendeh community in the western Arctic, an Inuit community in Labrador, and an Aboriginal neighbourhood of a prairie city would yield an immediate impression of contrasts within the Aboriginal population itself.

In First Nations communities, 60 per cent of dwellings meet the needs of their occupants, in the opinion of the occupant (see Table 4.2). Among the occupants of these dwellings are those who have adequate incomes and finance their homes themselves or who, at their own expense, have made improvements to homes supplied by the band. Also in this group are households that have gained access to the full range of subsidies available. But the other 40 per cent are not so well provided for. In many First Nations communities, a small number of reserve residents are fortunate enough to secure a house each year, but it may be poorly built and they must struggle to maintain it amidst depressed economic circumstances and insecure tenure. There are also a substantial number of people on waiting lists for band-supplied housing.

Among those with at least one household member self-identifying as a North American Indian and not living on-reserve, just under 17 per cent are living in dwellings that do not meet their needs adequately. For Métis people, the number of households in dwellings that do not meet their needs is just under 19 per cent of the total (Table 4.2).

Among Inuit in the North, 33 per cent of households are in dwellings that do not meet their needs, which is close to the rate for Indian people on-reserve, who experience the worst conditions. In the context of a severe winter climate, the several hundred Inuit dwellings without adequate heating or fire protection systems are especially dangerous to the health and safety of their occupants (Table 4.2).

The disparities between and within Aboriginal groups and communities are primarily a result of poverty. Government assistance has provided considerable relief, but in an incomplete manner.

CMHC social housing programs — whether in Métis settlements, First Nations communities, remote communities, the North or cities — offer substantial subsidies to construct dwelling units newly built to National Building Code standards of size and construction quality. These are better built than most others in Aboriginal communities. They are then usually better maintained because mechanisms and funds for maintenance are provided as part of the package. However, they are a minority of the dwellings made available in any given locality.⁹ Moreover, about half of all First Nations communities have completely rejected CMHC involvement as a route to housing adequacy.

The government recently terminated new CMHC funding for Aboriginal housing programs off-reserve and reduced the number of new, fully financed homes on-reserve from 1,800 in 1991 to 1,350 in 1994 and to 700 in 1995. (See note 61 regarding new on-reserve housing proposals released by the federal government on 25 July 1996.) Unless economic conditions improve rapidly or program funding is reinstated and increased,

fewer Aboriginal people will see their housing needs fully met, and disparities in living conditions between Aboriginal people and non-Aboriginal Canadians will increase.

2. Policy Foundations

2.1 Housing and Community Services as Basic Human Needs

The homes where people are trying to raise families, the water they drink daily, a quiet place for study — these things are vital to health and happiness. Judging by their statements and resolutions at regional and national meetings, Aboriginal leaders recognize that adequate housing and living conditions are vital to solving many other social, economic and political problems. They know that in many rural, remote and northern Aboriginal communities, substandard housing and community services are among the chief contributors to difficulties with health, morale, safety and the environment. These problems in turn create division and sap the capacity to act collectively and decisively. Aboriginal people see housing improvements as means of simultaneously increasing control over their own lives, developing increased capacity to manage complex programs and businesses, providing meaningful jobs, sustaining Aboriginal lifestyles, cultures, and generally better health, and strengthening Aboriginal communities.

The current state of Aboriginal housing and community services poses acute threats to health. Diseases spread by inadequacies of water, sanitation and housing (tuberculosis and infections, for example) are more common among Aboriginal people than among non-Aboriginal people.¹⁰ Dwellings are unsafe, and there is a lack of fire protection services. On reserves, DIAND figures show that 200 dwellings are lost because of fire each year.¹¹ In the North, solid waste dump sites and lack of sewage treatment create environmental hazards that contaminate country food consumed by Aboriginal people. Such direct threats to health would not be tolerated in other Canadian communities. They must not be allowed to persist among Aboriginal people either.

Since housing and related facilities are so closely intertwined with the rest of life, their quality and appearance are important indicators of a culture as a whole. Many cultures around the world are distinctive because of their immediately recognizable housing forms and styles and for the integration of their housing and community services with other patterns of daily living, economic and social activity. In Canada, unfortunately, the vibrant past of Aboriginal cultures, as embodied in housing, has been largely lost as a result of considerations of cost and administrative convenience. For example, housing designs have often been more typical of suburbia than the rain forests of the British Columbia coast, the tundra of the high Arctic, or the woodlands of rural Quebec. Only in the past decade have designers and builders paid specific attention to the lifestyles and traditional patterns of use for Aboriginal households. (CMHC recently held the first-ever national design competition for housing uniquely suited to the needs of Aboriginal peoples.)

As part of its research program, the Commission undertook case studies in four urban communities where urban Aboriginal housing corporations operate.¹² Tenants in these four communities indicated in interviews that their accommodation had the greatest impact on the following areas of their lives:

- Family stability — access to affordable accommodation and basic amenities and a sense of permanence, providing roots in the city while maintaining ties with reserve or rural communities.
- Access to education — the opportunity for children to get a good education in a stable environment, that is, not having to change schools frequently.

Tenants also saw the preservation and reinforcement of cultural identity as a very important need being met within these communities. While meeting basic housing needs, these corporations have allowed other needs such as employment, education and cultural retention to be addressed. In effect, the communities became more identifiable and could be contacted more readily to participate in various social, cultural and recreational activities. In addition, these housing corporations have had, for the most part, a positive impact on relations between Aboriginal and non-Aboriginal people.

An underlying Aboriginal expectation is that better housing and community services, as well as the processes and activities leading to them, will improve community morale and increase every individual's sense of self-worth and identity, and that these services will be a central part of the healing process as people rebuild their lives and their cultures simultaneously, in both social and physical forms.

That adequate housing is a basic human need has also been recognized by the federal government. The 1990 discussion paper, *Laying the Foundations of a New On-Reserve Housing Policy*, states that “the Government *does* firmly believe that all Indian people should have access to adequate, suitable and affordable housing”.¹³ More recently, the Liberal Party of Canada proposed that “Adequate shelter is a fundamental need of any society and a basic prerequisite for community prosperity....A Liberal government will work with Aboriginal peoples to develop an approach to housing that emphasizes community control, local resources, and flexibility in design and labour requirements”.¹⁴

Housing policy must begin with the determination to meet the need for a healthy and suitable environment for all families and households. The removal of acute threats to health and safety is the most urgent requirement.

2.2 A Right to Housing

The combination of a sense of crisis and the inadequacy or failure of past policies has contributed to demands to transfer both authority and resources for housing and community services to Aboriginal governments. For some years, organizations representing First Nations have contended that housing is part of compensation owed to

them in return for giving up effective use of the bulk of the Canadian land mass, either through formal treaties or by other less formal means.

For instance, in a submission to the Standing Committee on Aboriginal Affairs in 1992, the Assembly of First Nations (AFN) asserted that “housing is a federal responsibility which flows from the special relationship with the federal Crown created by section 91(24) of the British North America Act of 1867 and treaty agreements themselves”.¹⁵ In its brief to this Commission, the AFN called for a process to address housing rights: “The federal government must work jointly with First Nations to establish a forum for bilateral discussion to resolve issues relating to Aboriginal and treaty rights to housing”.¹⁶

The Federation of Saskatchewan Indian Nations stated that

[S]helter in the form of housing, renovations, and related infrastructure is a treaty right, and forms part of the federal trust and fiduciary responsibility. [This position derives] from the special Indian-Crown relationship dating back to the *Royal Proclamation of 1763*, enhanced by section 91(24) of the *Constitution Act, 1867* and sections 25 and 35 of the *Constitution Act, 1982*.¹⁷

These organizations argue that, if the resources associated with the lands now occupied by non-Aboriginal Canadians were still in the hands of its original possessors, there would be few serious housing problems among Aboriginal people today. They would have the resources to solve the problems themselves.

To date, the federal government has not recognized a universal entitlement to government-financed housing as either a treaty right or an Aboriginal right. It has taken the position that assistance for housing is provided as a matter of social policy, and its Aboriginal housing policy has been based on this premise. Thus, assistance has been based on ‘need’. Federal, provincial, territorial and local governments have made a major commitment to assistance for housing for all Canadians, and as recently as 1993-94 they spent \$3.9 billion on housing policy, most of it on assistance to Canadians in need.¹⁸

That the government has not recognized a general Aboriginal right to housing is an important issue in the minds of many Aboriginal people that has important practical consequences today. Many First Nations communities do not participate in the CMHC social housing program because it requires financial contributions by occupants and the assumption of long-term financial obligations for repayment of loans by the band. Some First Nations individuals living in CMHC-subsidized social housing also refuse to pay rent, because they believe they have an entitlement to housing provided by the government. The result of this outlook is that less money is available for housing on-reserve than is possible or desirable, and fewer homes are built. The lack of progress in developing a new housing policy for residents of reserves can be traced in part to these different perspectives on the part of First Nations leadership and the federal government regarding what constitutes treaty and Aboriginal rights.¹⁹

Therefore, we believe it is essential to start our discussion of solutions to Aboriginal housing problems by sorting through the factors and consequences associated with a right to housing or a right to shelter. We share the view that Aboriginal people have a right to housing, based on two complementary arguments.

First, adequate shelter has been recognized as a fundamental social right. In its brief to the Commission, the National Aboriginal Housing Committee stated that “the federal government has a moral, ethical and legal responsibility to continue funding Native housing both on- and off-reserve, until at least such time as parity in living conditions between Natives and non-Natives is achieved”.²⁰ The committee pointed out that Canada is a signatory of the International Covenant on Economic, Social and Cultural Rights, adopted by the General Assembly of the United Nations on 16 December 1966. Article 11 of the covenant recognizes “the right to an adequate standard of living...including adequate food, clothing and housing; and the right to the continuous improvement of living conditions”.²¹ In fact, the covenant is one of several international instruments such as the Universal Declaration of Human Rights (United Nations, 1948) and the conventions of the International Labour Organization that express social and economic rights, including a right to housing. The covenant is a treaty and as such is part of international law. Implementation of the covenant is based on the principles of ‘progressive realization’. States undertake to take steps, within available resources, progressively to achieve full realization of the rights.²²

The provisions of these international agreements are not necessarily enforceable in a court of law, but they have moral force. They serve as an expression of shared values and aspirations. Social and economic rights are also found in the constitutions of a number of countries, and some go so far as to impose specific legislative measures and social programs. Section 36(1) of the *Constitution Act, 1982* provides that “Parliament and the legislatures, together with the government of Canada and the provincial governments, are committed to (a) promoting equal opportunities for the well-being of Canadians; (b) furthering economic development to reduce disparity in opportunities; and (c) providing essential public services of reasonable quality to all Canadians”. Since housing is an important aspect of well-being and an instrument for improving opportunity for the disadvantaged, it is reasonable to read section 36(1) as affirming a right of Canadians to decent and adequate housing.

Second, in this report we have emphasized that governments have a duty to work toward the economic self-reliance of Aboriginal people. At the root of the housing problem is the poverty that has resulted from the dispossession of Aboriginal people from their ancestral lands and their exclusion from mainstream economic activity, with the added complications on reserves of a lack of clarity about ownership rights and ineffective government programs. In Volume 2, Chapter 4, we argued that because of the Crown’s historical obligation to protect Aboriginal lands and resources, governments have an obligation to restore a land and economic base for Aboriginal people. In Volume 2, Chapter 2 we concluded that a fiduciary obligation exists on the part of all Crown institutions to reverse the condition of dependency and foster self-reliance and self-sufficiency among Aboriginal nations.²³ The evident failure of governments to make such

an economic base available to Aboriginal people, in accordance with their obligations, adds force to the argument that governments should bear the main burden of financing adequate shelter for these communities until such time as this economic base is restored.²⁴

In addition to this general obligation on the part of the governments to ensure that Aboriginal people have the means to afford adequate housing, there may be obligations with respect to housing based on specific treaties. At this time, apart from provisions reached in recent land claims agreements, no such obligations are being recognized by governments. The treaties process proposed by the Commission provides an avenue for treaty nations to pursue entitlement to housing related to treaties (see Volume 2, Chapter 2).

In our view, the particular duties of governments to Aboriginal people and the notion of housing as a fundamental social right impose an obligation on governments to ensure that Aboriginal people have adequate shelter. This obligation remains unfulfilled. Not only have governments failed to create the circumstances for Aboriginal people to become economically self-reliant and meet their own housing needs, but the federal government has not provided assistance to the same degree as to other Canadians. First, specific needs of Aboriginal people, whether on- or off-reserve, were recognized only in 1974, more than two decades after social housing programs began in Canada in 1949. Second, First Nations people on-reserve have not enjoyed the same degree of support in relation to need as other Canadians. Specifically,

- capital subsidy support to low-income Aboriginal people living on reserves has not been sufficient to provide adequate housing, whereas the needs of other Canadians for adequate housing have generally been met;
- the shelter component of social assistance has been withheld from the poorest reserve residents except those occupying social housing; and
- financial support for social housing to meet the needs of low-income reserve residents has not been as generous as that offered elsewhere in Canada since 1986.

One result is that the actual housing conditions of Aboriginal people, in particular on reserves, remain well below Canadian standards. To remedy these conditions we propose that governments adopt new policies and carry out their responsibility to provide housing to Aboriginal people within the following framework.

- Governments have an obligation to ensure that Aboriginal people have adequate shelter.
- Governments should ensure that Aboriginal people have the means to provide for their own housing needs by restoring a land and economic base that will enable Aboriginal people to become economically self-reliant.

- In the meantime, and to complement economic development measures, governments should provide financial assistance to all Aboriginal people and communities according to need so that all will have their housing needs met.
- At the same time, Aboriginal people have a responsibility to contribute to the cost of building and maintaining their own dwellings, whether as individuals or collectively, according to their ability to do so.
- The federal government has a responsibility to clarify with treaty nations a modern understanding of existing treaty terms as they apply to housing.

At a practical level this framework implies that governments should finance a catch-up program based on need to make adequate housing available to all Aboriginal people within a given period of time. We believe it is possible and desirable to achieve adequate housing for Aboriginal people in 10 years. In the remainder of this chapter, we examine what needs to be done to accomplish this. We have concluded that, with the right level of financial assistance from governments, Aboriginal people will be able to expand, repair and maintain their housing stock and to develop the necessary strategies and institutions. We believe that governments can provide the financing needed. We consider Aboriginal housing a priority for governments for several reasons: governments have important obligations to Aboriginal people and people in need; and improvement and expansion of the housing stock will contribute to better health and greater opportunities, as well as to healing and revitalizing Aboriginal households and communities. Moreover, as they assume jurisdiction, Aboriginal governments should not have to take over a stock of physical assets that is too small and in poor repair. They deserve a better start.

2.3 Aboriginal Self-Government

The advent of Aboriginal self-government provides a unique opportunity to recast Aboriginal housing policies. Housing is among the core areas of self-government jurisdiction for Aboriginal governments on their own territories because it is a matter of vital concern to the life and welfare of Aboriginal peoples and has no major impact on adjacent jurisdictions; nor is it otherwise the object of compelling federal or provincial concern. Future policies should be based on this principle.

As in other areas of policy, Aboriginal people feel constrained by the administrative criteria and processes of DIAND and CMHC, and many briefs from organizations expressed the view that Aboriginal institutions could do a better job of designing and delivering programs. We see potential for improvement and consider the advantages of Aboriginal control of housing in the following sections. Particularly significant is the opportunity afforded by self-government to clarify arrangements relating to home ownership and land tenure on First Nations territories.

In practice, individual communities will probably deal with day-to-day housing and community services matters. However, many Aboriginal communities are too small to maintain the full range of technical capabilities for effective housing program design,

delivery and management. The development of expertise at the level of the Aboriginal nation or region will make for greater effectiveness and provide an important building block in the development of governments of Aboriginal nations. In other situations, particularly in urban centres, existing Aboriginal housing institutions can be the vehicle for greater Aboriginal control.

Recommendations

The Commission recommends that

3.4.1

Federal and provincial governments address Aboriginal housing and community services on the basis of the following policy principles:

- (a) Governments have an obligation to ensure that Aboriginal people have adequate shelter, water and sanitation services.
- (b) Governments have a responsibility to restore an economic base to Aboriginal people that enables them to meet their needs.
- (c) Aboriginal people, individually and collectively, are responsible for meeting their housing needs according to their ability to pay or contribute in kind.
- (d) Governments must supplement the resources available to Aboriginal people so that their housing needs are fully met.
- (e) Aboriginal nations should assume authority over all housing matters as a core area of self-government jurisdiction.
- (f) Acute risks to health and safety should be treated as an emergency and targeted for immediate action.

3.4.2

The government of Canada clarify with treaty nations a modern understanding of existing treaty terms regarding housing.

3.4.3

The government of Canada make resources available over the next 10 years to ensure that housing for Aboriginal people on-reserve is fully adequate in quantity and quality and engage the governments of the provinces and territories to reach the same goal in rural and northern communities and in urban areas.

3. Community Services: A Health Hazard

There is authoritative evidence that community services in First Nations communities are a direct threat to health. In July 1995, Health Canada and DIAND issued a special survey assessing the adequacy of water and sewage systems in First Nations communities.²⁵ Of the 863 community water systems examined, 211 were defective:

- 20 per cent (171) have the potential to affect the health and safety of the community if problems are not addressed; and
- another 5 per cent (40) are in need of repair or improved maintenance because they could pose a health risk should they malfunction before the problem is addressed.

Of the 425 community sewage systems examined, 64 were deficient:

- 9 per cent (39) were defective and had the potential to affect the health and safety of the community; and
- another 6 per cent (25) were in need of equipment repairs or improved maintenance practices and could pose a health risk if a malfunction were to occur.

The source of the problems ranges from inadequate or overloaded facilities to poor operations and maintenance.

In the vast majority of Canadian communities, specialized municipal departments or agencies are charged with installing and maintaining adequate water and sewage services, funded by the property-tax base. This is not the case in most First Nations communities. Physical infrastructure is built at considerable expense to the federal government²⁶ — more than \$90,000 per dwelling unit in some cases — but subsequently systems may not perform adequately because of insufficient attention to effective operating systems and procedures. Devolution of service delivery to communities appears to have left a vacuum: the government withdrew without ensuring that communities had the awareness, resources and skills to take over.

Missing or inadequate services of one type often affect the performance of another. For example, a community water source may be affected by the lack of solid waste disposal or by improperly operated sewage treatment facilities. Fire services may be hampered by the lack of piped water at sufficient levels of pressure.

In Chapter 3 we examined the health problems associated with poor water quality and supply and inadequate sewage treatment. While there have been few studies of the relationship between substandard water supplies and sanitation facilities for Aboriginal people in Canada, it is well-established that people living in Aboriginal communities experience more illness and death from infectious diseases than do Canadians generally. A recent study of a shigellosis epidemic in Manitoba, which affected First Nations people disproportionately (69 per cent of the cases, even though only 8 per cent of the provincial population are registered Indians), concluded that 90 per cent of infections would have been preventable if water, sanitation and housing facilities had been adequate.

In addition to concerns about human health, environmental effects are also a problem. In the North, for example, some communities discharge raw or primary-treated sewage into the aquatic environment. Others have sewage lagoons or holding ponds, but these frequently overflow, or sewage leaches into surface drainage systems. These wastes take years to degrade because of the extremely slow rate of decomposition in the Arctic environment. In addition, virtually all Arctic communities are coastal, resulting in the potential for leaching of contaminants into the marine environment and affecting the quality of country foods consumed by Aboriginal people.²⁷ Apart from sewage lagoons, there are 1,246 solid waste dump sites in Canada's North, 200 of which are suspected of containing hazardous waste.²⁸ Again, these tend to persist and to pose continuing hazards to people and wildlife.

During fiscal years 1991-92 to 1994-95, some progress was made in improving community facilities under the Green Plan initiative, which provided \$275 million above and beyond previous levels of funding for water and sewage services on reserves.²⁹ The government spent \$487.6 million in total during these years to install systems as well as to expand existing facilities, and the number of homes with adequate water and sewage facilities increased by more than 15,000.³⁰ In 1990-91, 86.4 per cent of houses on-reserve had water services, rising to 92.1 per cent in 1993-94. The population of households with sewage services rose from 80 per cent to 85.6 per cent.³¹

The 1995 Health Canada-DIAND study *Community Drinking Water and Sewage Treatment in First Nations Communities* suggests the need for continuing funding to correct inadequacies. With respect to the 211 communities where water systems were found to be deficient, the study estimates that, to complete remedial work to correct drinking water quality will require \$214 million for 99 communities where work is either now under way or the required engineering studies have been completed. Work has been completed or operating and maintenance problems are being addressed in 36 communities. The remaining 76 water systems require engineering studies before estimates can be prepared.

With regard to the 64 sewerage systems found to be deficient, remedial measures for 36 systems where projects are under way or engineering studies have been completed are estimated to cost \$57 million. Work has been completed or operations and maintenance problems are being addressed in 12 communities, and engineering studies for the remaining 16 sewage systems are required to determine the cost of remedial work.

These estimates suggest a cost in the order of \$460 million or more for remedial measures for all systems, including installation of adequate systems where they do not exist.³² The government intends to spend more than \$500 million over the next three years for remedial action and to meet growth requirements. With approximately one-third of expenditures going to inadequately performing systems, it will take up to nine years to complete remedial measures at this rate of spending.³³ We regard this delay as too long, given the threats to health, and urge that remedial work be completed in five years at an estimated extra cost of \$50 to \$60 million per year.

Sanitation facilities that remain to be installed will probably be more expensive to construct than the ones already in place.³⁴ Therefore, it is important that all opportunities to make community services more cost-effective be pursued. Community services technologies — for water, sewers, electricity and garbage collection — have not always been appropriate to the practical needs and environmental circumstances of Aboriginal communities. For example, in several regions, full suburban-style services have been constructed in dispersed settlements at great cost per dwelling serviced.

There is scope for innovation in the construction and management of community services to reduce costs without compromising quality and to free funds for remedial work or extension of services to more dwellings. In the United States, for example, a wide range of new and less costly technologies are being developed for purifying water, treating sewage, and managing solid waste in smaller centres. Aboriginal people will need to acquire this kind of expertise and apply it to their own needs if they are to avoid continuing problems of health, safety and costs. Strategic alliances could be formed with the U.S. organizations engaged in work on ‘small community flows’,³⁵ building on the one that already exists between Environment Canada and the Water Environment Federation of the United States.

The lack of sewage treatment facilities is not the only challenge. There are serious operating and maintenance problems. What is needed is regular, competent operation and maintenance coupled with periodic testing. Health Canada currently tests water every three months, and sewage systems are monitored by DIAND on request from First Nations communities. The results from the Health Canada-DIAND survey suggest a need for improvement. The survey report observes:

While the most common problem is the absence of adequate systems, a significant problem in small communities is a lack of adequate training for the systems operators of water treatment and sewage treatment facilities. Many of the operators are people with some technical background but not necessarily with a strong background in the requirements for water treatment or sewage plant operations.³⁶

Community services technologies have become more complex and difficult to maintain without investments in organization and staff training to manage and operate them. In addition to funding operations, DIAND funds tribal councils to provide advice and expertise to communities on planning, construction and maintenance of water and sewage systems.³⁷ Under Health Canada’s drinking water safety program, a Green Plan initiative with \$25 million in funding over six years, sampling and testing of water has been increased, health awareness is being promoted, and advice is being given to First Nations communities and DIAND. A number of initiatives have been launched in collaboration with First Nations, including

- a pilot project to train water treatment plant operators in 14 First Nations communities in northern Ontario;

- the creation of the Ontario First Nations water treatment plant operators association by the chiefs of Ontario;
- the establishment of a training centre by the Split Lake Cree community in Manitoba for water-quality technicians; and
- a computerized system to track drinking water quality, and numerous pilot projects to enable tribal councils to use the system.³⁸

This is a good start. The government should move quickly from pilot projects to comprehensive action and continue to apply resources after the drinking water safety program expires. The Commission agrees with the recommendations of the Health Canada-DIAND survey to give high priority to training First Nations personnel and strengthening co-operation among First Nations, DIAND and Health Canada. We would, however, go further than what is recommended in that report. We see a significant need to build the capacity of First Nations to operate and maintain water and sewage systems. This could be done through the creation of a First Nations community services corporation to fulfil much the same functions in First Nations communities that the Ontario Clean Water Corporation does in smaller municipalities in that province. OCwC helps small communities with technical expertise and financing for the planning, development and implementation of water systems and encourages joint projects between communities. It operates on a cost-recovery basis. Another option would be for Aboriginal communities to link up with provincial and territorial agencies like OCwC, which may be a cost-effective option for these technical services.

Adequate housing, sewer, water and waste management services at the community level do not happen by accident or as a result of on-again-off-again arrangements. Most Aboriginal people now live in communities of at least a few hundred people. Such communities do not require large-scale complicated housing and community services technologies or organizations, but they do require attentive and knowledgeable people and dedicated expert organizations to operate safe and reliable systems.

Recommendations

The Commission recommends that

3.4.4

The government of Canada provide additional resources for construction, upgrading and operation of water and sewage systems to ensure that adequate facilities and operating systems are in place in all First Nations communities within five years.

3.4.5

The government of Canada provide funding and technical support to First Nations governments to operate and maintain community water and sewer systems and to establish technical support institutions as required.

4. Housing on Reserves

Obstacles to ensuring an adequate housing stock on reserves are embedded in the structures of governance, land tenure and subsidy programs. Unless there are fundamental changes in all of these, progress will be difficult, and every initiative will start out with three strikes against it. What is required is clarification of authority and responsibility, establishment of effective ownership or lease arrangements, and renewed efforts to marshal sufficient resources to address the housing problem. This means reform of government policy as well as new approaches and greater responsibility for Aboriginal people.

To recap, there are about 74,000 dwellings on reserves. Of these, 6,000 are unsalvageable and need replacement; 13,000 need major repair (that is, an investment of up to \$30,000 for a new roof or exterior shell, insulation, electrical or plumbing systems); and 21,000 need minor renovations. In addition, 11,000 more dwellings are needed to meet pent-up demand.³⁹ That these conditions have been allowed to persist is evidence of serious inequities in programs and policies.

Although DIAND provided subsidies to build and repair over 45,000 dwellings between 1988-89 and 1993-94, by the end of that period, fewer than 9,000 additional units were assessed as adequate by DIAND staff. The proportion of dwellings in this category rose from 42 per cent to just 46 per cent of the total stock, instead of 95 per cent as might have been expected given the number of units financed. It appears that 36,000 homes either did not achieve adequacy or fell below it during the five-year period. This points to serious deficiencies in the quality and maintenance of dwellings.

4.1 Federal Housing Programs on Reserves

The government provides assistance through two agencies, DIAND and CMHC:

- DIAND provides funding for housing on reserves in the form of subsidies for capital costs (construction of dwellings and renovations), certain operating costs for persons on welfare, and program administration costs borne by First Nations communities. It does not make loans for housing, but it guarantees loans by private lenders insured by CMHC and also loans made directly by CMHC.
- CMHC's on-reserve rental housing program provides First Nations with a subsidy up to an amount that would bring the interest rate on housing loans down to two per cent. First Nations borrow from private lending institutions for the cost of construction minus DIAND capital subsidies, at prevailing interest rates and with a typical repayment period of 25 years. The loans are insured under the *National Housing Act* and are guaranteed by the minister of Indian affairs. First Nations enter into agreements with CMHC that

stipulate the levels of rents to be charged and the maintenance regime to be followed. Also available from CMHC is the homeowner residential rehabilitation assistance program (homeowner RRAP), which provides loans of up to \$25,000, of which a maximum of \$5,000 to \$8,250 can be forgiven, depending on income and geographic zone.⁴⁰

The base budget for DIAND's capital subsidy housing program was set at \$93 million in 1983 and has not changed since. This amount is supplemented by funding related to Bill C-31 (\$43 million in 1994). These amounts are intended to support construction of 3,600 homes and 3,900 renovations.

CMHC assistance declined from 1,800 new units in 1991 to 1,350 units in 1994 and an expected 700 units in 1995. In addition, 1,200 units were repaired each year with CMHC subsidies; in 1995, the number was 600. As a rule, assistance from CMHC is added to the capital subsidy from DIAND to increase the amount available per dwelling rather than to finance more dwellings. In combination with a limited number of homes that are financed without government subsidies, this means that each year up to 4,000 new homes are constructed and a similar number are repaired or renovated. The programs are discussed more fully below.

Table 4.3 provides a picture of DIAND and CMHC funding as of 1994-95 and cumulatively over the past 12 years.

**TABLE 4.3
Federal Government Expenditures on Housing in First Nations Communities**

	1994-95 \$ millions
DIAND	
Housing construction and renovation (base budget of \$93 million, \$43 million related to Bill C-31)	136
Heating and utilities cost for social assistance recipients	66
Shelter component of social assistance for rents paid by those in loan-financed (CMHC-insured and other) housing	38
Support for administration of program and training costs of First Nations	5
Total'	245
CMHC	
On-Reserve Rental Housing Program	94
Residential Rehabilitation Assistance Program on reserves	9
Total	103
Cumulative program activity by the federal government, 1982-1993	
DIAND housing construction subsidies	\$935 million, 33,000 units
DIAND housing rehabilitation subsidies	\$200 million, 38,000 units

CMHC social housing subsidies on-reserve	\$543 million, 16,000 units built and 22,000 renovated
Total²	\$1,678 million

Notes:

1. The amounts paid through the social assistance program are estimated. DIAND also incurs expenditures for site preparation and servicing relating to construction of dwellings and installation of new water and sewer systems. These are included in its capital budget for infrastructure.

2. The total number of units is smaller than the sum of the units under each program, since DIAND and CMHC subsidies are often combined for the same units, and some units have been built and repaired.

Source: Data obtained from various DIAND documents..

Capital subsidies

DIAND offers different amounts of per unit capital subsidies toward the cost of building homes for registered Indians. The amounts range from \$19,000 to \$46,000, with an average of \$30,000. They are set according to the different regions of the country established by DIAND, with more for northern and remote locations to reflect higher transportation and other costs. These amounts have not changed since 1983 and today can buy just over half what they could then. Today, the price of a standard newly constructed home is \$90,000 or more. A basic kit of materials alone would cost about \$35,000, without shipping, interior finishing materials or basic household equipment. (This amount is based on commercial quotations for housing kits shipped to locations in central Canada.) The DIAND capital subsidy, therefore, pays for only part of the cost of a home.

Another DIAND program offers subsidies of \$6,000 per unit for rehabilitation, an amount that was also set in 1983. As most Canadian homeowners are aware, substantial renovation jobs today would cost about \$20,000 or more.

The result is that there is often not enough money to build a solid, durable dwelling unit. Unless additional funding is available through CMHC-backed loans or from revolving loan funds, the community has to draw on other resources such as job creation programs and training funds to cover labour costs. Access to commercial financing has been restricted because of the inalienability of Indian property on-reserve. (Barriers to access to capital are discussed more fully in Volume 2, Chapter 5.)

Since 1983, all DIAND-subsidized units are supposed to have been constructed according to National Building Code standards. However, neither adequate financing nor enforcement and inspection systems were in place, other than for CMHC social housing projects. Therefore, it is unlikely that dwellings with only DIAND subsidies were up to standard in all or even a majority of cases. Moreover, the code is intended to provide a minimum that is insufficient for durable homes in all parts of the country and does not anticipate the intensity of use resulting from larger households in Aboriginal communities. Most reputable Canadian builders claim to build well in excess of code requirements.

If the cap of \$46,000 on the DIAND subsidy were removed, it might be possible to build fully adequate homes. Although fewer houses would be built, this might be better in the long run than building a larger number of dwellings that do not last.

A handful of communities in Ontario and Quebec have set up revolving loan funds to finance construction. DIAND subsidies and loan payments from owner-occupants are deposited in these funds. The legal status of such mechanisms is unclear, but they have been successful in creating community-based capital pools for housing loans.

Social assistance and inadequate maintenance

DIAND pays \$66 million annually to social assistance recipients for the cost of utilities. It also provides \$38 million in subsidies for debt servicing ('shelter allowances') to households dependent on social assistance who live in dwelling units financed by loans. Almost all of these units are CMHC units.⁴¹

In presentations to the Commission it was suggested that a federal social policy commitment to equality of benefits for those whose degree of need is similar has not been honoured. People receiving welfare off-reserve are given a shelter component to cover the cost of rent, including maintenance and insurance. People receiving social assistance who live in dwellings financed only with DIAND construction subsidies (about 30 per cent of on-reserve households)⁴² are effectively not eligible for contributions to the maintenance and insurance costs of their homes.

The main argument for this policy, which dates from 1983, is that bands do not charge rent for band-owned housing and thus cannot be paid rent on behalf of social assistance recipients by DIAND.⁴³ DIAND has indicated that it will consider paying the shelter component of social assistance if a band charges rent for all its units. However, this policy has not been designed in detail or promoted with First Nations communities, partly because on-reserve housing policies have been under review since 1988 and no major changes have been made since that time. The feasibility of introducing rents has not been tested through pilot projects. Clearly, simply withholding maintenance and insurance funds from so many social assistance recipients on reserves will not push bands into community-wide rental charges. Meanwhile, the housing stock is deteriorating because no resources are being mustered for maintenance and repair. Even simple repairs, such as replacing roof tiles to prevent leaks, are not being done.

Overall, this policy has had the perverse effect of providing the least amount of financial support to those with lowest incomes living in the worst housing. Within the last decade alone, several hundred million dollars that would otherwise have been provided to social assistance recipients for their housing costs were withheld, causing people to suffer and resulting in a rapid deterioration of capital assets because of lack of maintenance.⁴⁴ Governments that have generally looked after the housing requirements of Canadians in need, in particular in urban centres, have failed to provide for this basic human need on reserves.

It is little wonder that houses on reserves have been estimated to last, on average, half as long as houses built elsewhere in Canada.⁴⁵ If this is to change, certain conditions are essential: dwellings must meet standards of completion and durability appropriate for their location and use technologies that are related to local skills and resources; residents need sufficient income from earnings or social assistance to finance maintenance; and questions of ownership and responsibility must be resolved.

Financial difficulties for bands using CMHC'S Rental Housing Assistance Program

Figures published by DIAND show that dwellings financed by CMHC and receiving continuing subsidies of operating and maintenance costs have likely represented the bulk of real improvements in recent years. However, many bands that used the CMHC program have become mired in financial problems.

In part, this is a result of the way the CMHC subsidy is determined and because of a decline in interest rates. Funding arrangements for CMHC social housing units on reserves are not as favourable as those for identical dwellings elsewhere in the country. Since 1986, CMHC has subsidized social housing, including non-profit housing and co-operative housing, in such a way as to cover the gap between actual operating costs and revenues received from tenants or co-operative members. Under the old program that remained in place on reserves, CMHC subsidies, both for debt servicing and for operating costs and maintenance, were tied to interest rates. As the inflation rate dropped in the latter part of the 1980s, so did interest rates. Average subsidies from CMHC dropped substantially as a result. Many social housing projects on reserves — perhaps half — were pushed into financial difficulty because of these reduced subsidies.⁴⁶

There were other problems as well. Some of the projects were barely viable financially to begin with, with little or no margin for error. Bands also experienced difficulties in collecting rents. Arrears have now mounted into the hundreds of thousands of dollars in several cases and have stymied any further activity by these bands, as well as threatening other band programming.⁴⁷

Thus, the chief mechanism for fully financing housing on reserves fell into disrepute in a number of First Nations communities, some of which had entered into loan-financing arrangements only reluctantly in the first place. About half of all bands have been placed in debt management arrangements by DIAND at one time or another, and excessive housing debts were a key factor in a majority of cases. As noted already, about half of all bands, including some of the poorest with the greatest housing need, have simply refused debt financing and thus failed to gather sufficient finances to meet their requirements.

Conclusion

We have shown that the full cost of building and maintaining adequate housing was not addressed by DIAND. The department limited itself to setting a formal requirement that housing built with its subsidies must meet the National Building Code, without determining how this could be accomplished in practice and without effective

enforcement. The program was such that moneys for construction of dwellings and major repairs were spread thinly over many units, which generally were poorly built and deteriorated quickly. Nor, as we have seen, did DIAND settle as a matter of policy exactly how people receiving a fraction of the full cost of maintaining, repairing and insuring their homes would cope. Given the structure of the program on reserves and the late arrival of full financing through CMHC, many reserve residents came to expect that cheaply built housing was simply a stop-gap measure for which no significant maintenance support was available. The results are evident: on-reserve housing conditions are worse than those of any other Aboriginal group, despite the construction of many housing units.

We have pointed to two specific instances of inequitable treatment of households on-reserve: the lack of shelter allowances for social assistance recipients and the manner in which the CMHC subsidy is calculated. The former alone implies a shortfall of financial support of hundreds of millions of dollars during the past decade. What is disturbing about these two aspects of government programs is that they have been so counter-productive by limiting resources for maintenance and discouraging loan financing. More effective programs would have gone a long way to addressing the housing challenge on reserves with the amount of funding made available.

The ineffectiveness of programs and the attitudes they have fostered have combined with another problem — the lack of a clear legal regime to define rights and obligations relating to dwellings on reserves — to worsen the housing problem.

4.2 The Legal Regime and Tenure

Formal authority for virtually everything associated with housing and residential development on reserves remains in the hands of either the governor in council or the minister of Indian affairs. The minister's responsibilities under the *Indian Act* include ownership of land and real property and control over their use, regulations concerning housing conditions, and financing and programming relating to housing and community services. First Nations lack the legal capacity to regulate land use, dwelling possession and use, landlord-tenant relations, buying and selling, site servicing and a host of other matters taken for granted by provinces and municipalities.

The department of Indian affairs is not fully exercising its current wide authority under the law. The department is reducing staff with expertise in housing. But a process to give First Nations greater authority and responsibility in housing and community services is lacking. The result is an absence of effective governance, a policy vacuum that has led in turn to a lack of clarity about ownership and the respective responsibilities of occupants, bands and the government. DIAND's discussion paper, published in 1990, put the issues this way:

The lack of clarity of housing occupancy and ownership rights of individuals and First Nations prevents some communities and individuals from investing in new and better housing. People are reluctant to invest in housing if they cannot be sure that they can live

in the housing for as long as they want, or sell or transfer it to someone else when they wish. Bands themselves are uncertain about their authority to regulate the development, construction, allocation, occupancy, use and maintenance of housing on their reserves. Many bands do not have clear review or appeal mechanisms by which individuals can appeal band decisions affecting their security of tenure. These problems are standing in the way of Indian people taking control of housing assets, and making investments that will improve housing conditions and increase the durability of the stock.⁴⁸

At present, band members can gain possession of a house and use a defined portion of reserve land according to the custom of the band or by being allotted a portion of land by the band council and given a certificate of possession or occupation by the minister. Many reserves in British Columbia and central and eastern Canada have opted to use these certificates, which amount to deeds. Among First Nations like the Dene, the Crees of Quebec, the Algonquin and the Six Nations, individual ownership is common, with positive results. Even so, certificates are generally used for only a fraction of the houses in the community. Other residents live in band-owned dwellings, without defined rights and responsibilities. Certificates of possession are not widely used in northern Ontario and the prairie provinces, where occupants' rights are defined by custom. Customary rights have not been legally tested and remain uncertain. For the majority of houses on reserves, the rights of the occupant and the band are only vaguely defined.

Individual home ownership does not guarantee care and maintenance of a dwelling. But where there is no clear responsibility and accountability, either individual or collective, it is not surprising if little care is taken. At a time of serious resource constraints, it is essential to create certainty to ensure that needed investments will occur, whether by individuals, bands, Aboriginal housing authorities or other sources in addition to the federal government's contribution.

Because of the desire to preserve and indeed expand the Aboriginal land base, First Nations may need to explore home ownership regimes that do not threaten to alienate the land. Over the past two decades, various instruments of ownership that are detached from clear title to the land underneath a building have been developed in non-Aboriginal communities. The range of possibilities includes condominiums, equity co-operatives and leasehold arrangements. Provinces have passed legislation to separate title to land from title to structures on it to permit condominium ownership arrangements. Similar legislation could be developed for reserves. Within the framework of such instruments, it would be possible to encourage home ownership on reserves through innovative approaches like the development of an equity stake through rental payments over time and buy-back guarantees by the band where the re-sale market is limited. For those who cannot afford to own homes or where there is a preference for communal property, rental regimes will be needed to clarify tenants' rights (security of occupancy, regular upkeep) and responsibilities (for example, provisions for sanctions when obligations such as rent and care of the rental unit are not met).

The key aspects of security of tenure have to do with the dwelling unit itself rather than the land on which it rests. Owners cannot be evicted as long as they meet their financial

obligations. Owners can typically make major changes to the unit they occupy entirely at their own initiative. They can determine who will occupy their home in the future. They can benefit from a difference between purchase or construction price and sale price. They can capture the financial benefits of renovations and improvements if the buyer is willing. All these benefits of home ownership could be conferred on reserve residents, even though they cannot hold title to a specific piece of land.

Under landlord and tenant legislation and common or civil law, tenants also have certain rights, such as the right not to be evicted without notice and due process. They can decorate their dwellings and generally use them as they see fit, as long as others are not bothered. All of these positive features of security of tenure can be provided by Aboriginal governments on reserves using a variety of tenure options such as those mentioned above.

Greenland may provide some examples of the kinds of arrangements that may be possible. There we see collective ownership of land, but because improvements to the land can be bought and sold, there is an active market in housing and commercial properties.

The Commission believes that Aboriginal self-government offers an unprecedented opportunity for First Nations to assume full authority with respect to housing and land use. Under self-government, Aboriginal nations should have clear legal powers to regulate tenure and home ownership, and they can then create an environment favourable to investment in housing and maintenance by establishing effective ground rules. First Nations should prepare for the future by examining alternative tenure regimes and making choices among them, and by building capacity at the level of the nation to exercise their powers over housing and implement effective regimes. The federal government should actively support such measures.

As explained in Volume 2, Chapter 3, Aboriginal nations can exercise law-making capacity in core areas. We would expect housing and tenure to be among the first areas to be taken up as nations begin to govern themselves. To prepare themselves and to clarify tenure as much as possible in the interim, we suggest that First Nations communities move forward in ways they judge appropriate. Greater certainty about tenure can be created by extending the use of certificates of possession. First Nations can introduce maintenance charges or rental fees on the basis of their current powers under the *Indian Act*.⁴⁹ It may be possible to clarify the rights and responsibilities of tenants and First Nations communities by introducing a system for the registration of leases, as suggested in the 1990 DIAND discussion paper.⁵⁰ Such approaches will work best where there is broad support in the communities and where there is a strong sense that the new approaches are a step toward self-government. The federal government can offer encouragement by providing financial incentives for communities that institute rental and maintenance regimes, for example, by contributing on behalf of social assistance recipients. More generally, the government could express support for communities that introduce more explicit tenure systems and indicate that it will not interfere with such systems.

4.3 Rallying Resources to Meet the Need for Adequate Shelter

Debt financing

Mortgages are used so universally to finance construction of dwellings that their advantages seem too obvious to mention. What people need from a house, first and foremost, are shelter and comfort. They receive these over time, so it makes sense to pay for them as they are being enjoyed by the occupant, whether through rents or monthly instalments on a loan. Few households anywhere have enough capital to pay cash for a home before they move in.

Debt financing also has considerable appeal as a way to address shortages of adequate housing on-reserve. It would make it easier to launch a campaign to make on-reserve housing stocks fully adequate to the needs of Aboriginal people. Construction can be accelerated if it is financed by loans and if program funds are then applied as needed to repay loans and interest over time. In fact, if construction were financed entirely by loans, the amounts DIAND now provides in the form of capital subsidies would be sufficient to launch a catch-up program. Only several years from now would the budget need to be increased to meet rising debt payments. A loan financing approach enables the government to do more in the short run while it faces fiscal constraints.

Both the federal government and First Nations are reluctant to adopt a debt financing strategy. To make the long-term commitments required in the face of uncertainty about future economic growth and pressing fiscal problems is difficult for the government. For their part, First Nations communities have analogous concerns about their economic base. As well, they have experienced financial difficulties with the CMHC program or are aware of other communities having such problems, and the view that housing is a treaty right also holds them back.

In our view, this reluctance to use debt financing should be overcome. As we have argued, housing is so important to individual and community well-being that effective approaches must be found. If tenure arrangements are clarified and all parties assume their responsibilities, a catch-up strategy in which debt financing plays an important role will be quite feasible.

But debt financing alone is not the answer. The amount of debt relating to housing would keep on increasing over the years, and so would debt servicing payments. Faced with limited resources and many competing demands, the government would at some point be forced to refrain from adding to the budget for housing. Construction would then be sharply reduced, and improvements in housing conditions might be eroded over time. Only economic development will generate the Aboriginal incomes and savings required to keep on constructing dwellings and to reduce the burden on governments in the longer run. We believe that progress can and should be made to strengthen First Nations' economic base and that economic development will follow. We have concluded that a catch-up program for housing on reserves, financed in part through loans, is feasible and attractive on that basis. Properly managed to secure maximum local involvement,

housing construction and repair can be a leading economic activity that helps to galvanize the energies of communities and the move toward greater self-reliance.⁵¹

Rallying local resources

First Nations can generate more resources for the housing sector in three main ways: reducing capital costs through contributions of labour and materials; increasing the financial contributions made by individuals through rental charges; and giving people the option of carrying a mortgage as an alternative to paying rent.

In Aboriginal communities, it is often possible to substitute local materials for standard construction supplies, log homes being the most obvious example. If communities work together to create larger markets, take advantage of new technologies and produce their own designs, they may be able not only to meet their own housing needs more efficiently but also to gain access to larger markets.

A greatly underused resource is the ample pool of unemployed labour in many communities. Although not everyone has the skills required in the construction trades, many can contribute in some fashion. Self-building and self-maintenance will reduce borrowing requirements and increase Aboriginal equity in projects.

First Nations communities frequently combine the inadequate DIAND housing subsidy with other program funds, such as training allowances, to cobble together the resources to build houses. In some cases, members of the community contribute their time without compensation. But this practice is not as common as it could be. A generation or two ago, communities often worked together to build homes for those who needed them. For instance, in 1963, 20 log houses were built by welfare recipients in a single construction season in La Loche, Saskatchewan, with the use of a sawmill supplied by the local church.⁵² The homes are not luxurious, but they are adequate and durable and a source of considerable community pride. We heard similar stories elsewhere, stories of resourceful people putting together the building materials and trades like electrical wiring and plumbing by bartering their own skills. Today, such practices are less common. Prospective occupants may contribute their own labour and family members may help out. But others often expect to be paid, as they were paid when housing subsidies were more adequate in the early 1980s, and through a succession of make-work and training programs available on reserves, such as the Work Opportunities Program and the New Employment Expansion Development Program. Thus, Habitat for Humanity, a charitable organization that provides low-cost housing to those in need by relying on volunteer labour and donated materials, has had a mixed reception in some communities. The homes constructed were adequate, but the process was not seen to generate sufficient economic benefit. In urban areas, the experience of Habitat for Humanity with Aboriginal people has been different, with notable successes. This initial experience does not mean that Aboriginal communities have given up on the Habitat for Humanity approach.⁵³

There may be some scope for securing greater contributions from prospective occupants. ‘Sweat equity’ contributions could be encouraged by giving priority to those who

undertake to make large contributions, something that is already being done. And financial charges to the occupants can be adjusted to reflect the effort they have put in. If tenure is clarified, occupants may be more willing to contribute to the construction and upkeep of their dwellings, since they would have a clear claim on the benefits.

But to elicit greater contributions from community members generally, First Nations communities will need to have the freedom to adjust social assistance to their own particular circumstances. Until now they have not been allowed to do so. Social assistance in First Nations communities has to conform to the rules and criteria of the province in which the community is located. Thus, communities have not been able to use income support transfers to mobilize labour for activities such as housing construction and maintenance. In First Nations communities, there have been various training and employment programs over the years, funded in part by transfers of funds from the social assistance budget. However, the communities have not had the authority to reallocate funds or change the rules for social assistance.

We believe that the proposals for social assistance reform presented in Volume 2, Chapter 5 will enable First Nations to make much greater use of local labour in a catch-up effort over 10 years to construct houses in Aboriginal communities. There we examined two approaches to reforming social assistance, both of which could be used to provide income support while generating economic and/or social development. The first approach retains the existing basis of individual entitlement with modifications to permit individuals to participate in economic or social development and personal development activities. The second approach is based on community entitlement, which would enable Aboriginal governments to use social assistance dollars to generate employment through economic and social development projects.⁵⁴ With either approach, the key would be to combine housing and social assistance funds to stimulate productive contributions to housing from members of the community.

Such approaches would build equity with money that is already coming into communities in the form of welfare payments. They would build the skills base needed for continuing maintenance and for spin-off businesses. And they would create a sense of greater control over the well-being of the community and of ownership of the housing stock as a valuable asset and source of pride.

The second way Aboriginal communities can generate more resources is to increase the financial contributions made by the community and individual households. At present, apart from CMHC units, two extremes coexist: homes that are entirely or largely financed by the occupants, either independently or with a guarantee from the band, and the majority of houses for which the band charges no rent. (Charges covering part of the cost of community services and utilities are common.) Rental charges of 25 per cent of income — a standard approach used in social housing in non-reserve communities⁵⁵ — with a maximum reflecting rents in the regional market should be used to build up capital for major renovations and new homes. An exemption could be provided for a substantial base amount of earnings in a manner analogous to a personal income tax exemption to ensure that people are not discouraged from becoming self-reliant.

Introducing rental charges where none apply today will not be easy for First Nations communities. Charges could be introduced gradually, with an initial emphasis on maintenance and repair, so that occupants enjoy some immediate benefits as a result of their contributions.

Maintenance fees and rents would become a far more attractive proposition if the federal government paid shelter allowances for social assistance recipients living in band houses. In fact, this would amount to a continuation of a policy that is now in abeyance because of budgetary pressures. We believe the government should be offering to supplement community resources with shelter allowances for social assistance recipients. The government could encourage the staged approach that many communities may want to take by offering to pay shelter allowances up to a level required to create a financial reserve for maintenance of existing homes. Timely maintenance will slow the deterioration of the housing stock and is a most effective way of improving living conditions. Shelter allowances for maintenance and insurance would cost approximately \$40 million a year (see Table 4.4, later in the chapter).

TABLE 4.4
Additional Annual Federal Expenditures Required to Achieve Adequate Housing On-Reserve over 10 Years with Partial Debt Financing

	1997	2006	2007
	\$ millions		
Construction of new dwellings and major repairs			
1. Capital subsidies	169	169	90
2. Debt servicing (including maintenance)	23	230	242
3. Heating, electricity and utilities (\$1400 per unit)	7	72	75
4. Program delivery	15	15	15
5. Government expenditures on new and repaired dwellings (1+2+3+4)	214	486	422
6. Maintenance and insurance on existing stock	40	40	40
Total federal expenditures (5+6)	254	526	464
Less existing expenditures	-141	-141	-141
Increase in federal expenditures	113	385	323

Notes:

The cost of constructing a new dwelling is assumed to be \$90,000; major repair or renovation, \$30,000; and heating, electricity and utilities, \$2,000. These assumed costs of construction, repair and operations of dwellings are similar to those presented by DIAND in *Laying the Foundations of a New On-Reserve Housing Program*, discussion paper (Ottawa: Supply and Services, 1990). The amounts in the table reflect only the federal share, which is two-thirds of total costs. Maintenance and insurance costs are assumed to be \$1,800 per year per new unit. Debt servicing combined with maintenance and insurance is calculated at one per cent of the amount of the loan per month. Subtracted from total federal expenditures are amounts the federal government spends on new housing on-reserve: capital subsidies by DIAND (\$136 million) plus an estimated \$5 million in loan subsidies by CMHC during 1995-96. Note that DIAND and CMHC will also incur costs related to debt servicing, maintenance and operation of the existing stock of dwellings on-reserve during the next 10 years, in the amounts indicated in Table 4.3.

A third way to rally resources would be to give people who can and wish to exercise it the option of carrying a loan and acquiring an ownership interest in the home they occupy. Many households may be willing to invest more in their home if they can be sure of enjoying the benefits of doing so or realize a gain upon transfer of ownership. At the same time, many households will need financial assistance, and this could be provided in the form of incentives for ownership. Many approaches are possible in this regard, such as interest subsidies, partly forgivable loans and up-front equity subsidies.⁵⁶ We recommend that such approaches be actively pursued by First Nations and governments.

Success stories

To meet their housing needs, First Nations communities have to put together funding, labour and supplies from a variety of sources. They can learn from each other how to make the most of their situation. Some communities have been quite creative.

In Quebec, the Gesgapegiag community has developed an active housing program using DIAND housing subsidies and CMHC funds, as well as credit from the local Caisse populaire Desjardins.⁵⁷ The band government secures loans for candidates who demonstrate an ability to repay long-term mortgages. It also provides local labour through unemployment insurance funds for on-the-job training. The community has developed a training program in building trades such as plumbing, carpentry, and electrical work.

The First Nations community of Westbank in British Columbia finances its housing through DIAND, the CMHC rental housing program and owner equity. An Aboriginal-owned company in Alberta provides pre-fabricated homes for the community. Community services funds and contributions from the homeowner cover the expense of building the foundation, and local labour is hired to assemble the houses delivered from Alberta. While this interdependent arrangement has been successful thus far, it is not without risk, as each stage requires the co-operation and delivery of every partner.

The housing program of the Oujé-Bougoumou Cree Nation in Quebec was established as part of the agreement that created the Oujé-Bougoumou village. The DIAND housing subsidy and CMHC social housing funds were used to establish a capital fund that represented the equivalent of 117 houses. This pool of funds enabled the community to develop realistic housing construction plans that included bulk-purchasing and a cost-effective construction schedule. The savings from these measures were used as the basis for a revolving loan fund. The housing program at Oujé-Bougoumou consists of two parts: the home ownership program, which builds affordable, energy-efficient homes for families with an annual income of \$21,000 or more, and the rental program, available to individuals on fixed incomes, welfare recipients and those with low incomes.

Looking at another approach, the Old Masset Development Corporation (OMDC) in British Columbia has a plan to build 200 houses in the next seven years. The plan is based on the provincial government confirming the Old Masset community's access to 1,000 hectares in Haida Gwaii that it has used traditionally for harvesting timber. OMDC

would be entitled to harvest logs for export as well as for milling purposes. This would enable them to establish a housing capital fund and provide them with cheaper timber, reducing the cost of housing construction in their community. Spin-off economic activity is also expected to flourish under such an arrangement.

A few First Nations communities in Ontario, Quebec and Alberta have devised programs using government funds as a starting point, chiefly geared to fostering individual home ownership. Several communities, such as the Six Nations, Gesgapegiag and the Oujé-Bougoumou Cree, have been successful in financing housing through revolving funds, capitalized initially with DIAND housing subsidies and replenished continuously through housing loan repayments from members of the community.

These and other examples involve the exercise of effective community leadership, the creative use of existing programs, and the co-ordination of many different actors and resources to achieve results. These success stories, and others from Métis, Inuit and urban Aboriginal housing organizations, suggest what can be achieved by increasing Aboriginal control and by using housing as a means of wider community development and renewal.

In July 1995, the minister of Indian affairs announced a welcome demonstration program, to take place on five reserves across Canada, to investigate alternative approaches to house construction. The purpose of the program is to enhance the use of local resources to build lower-cost quality housing, allowing the community to be less dependent on outside contractors, suppliers and trades people. DIAND will support the construction of a maximum of five houses in five communities with a contribution of \$50,000 per unit. Projects must make use of local resources, including materials produced in the community such as logs, timber, sand and gravel, and hire unemployed workers from the community who are receiving social assistance benefits. These are the kinds of directions that should be explored more widely.

An estimate of government expenditures required

A 10-year program, starting in 1997, to bring the housing stock on reserves up to standard, accommodate those now waiting for a home, and provide for future population growth will require an investment of \$5.1 billion. The bulk of this spending would go toward building new dwelling units. Present needs include replacing 6,500 houses and meeting a backlog of 11,000 houses; future needs consist of 30,100 units for new households and 4,000 units that will need to be replaced before better maintenance puts an end to the rapid deterioration of the existing stock.⁵⁸ Should implementation of this catch-up effort be delayed, its cost will increase, as the stock would deteriorate further.

Major repair and renovation is a further requirement. An estimated 14,000 units need major work at an average cost of \$30,000. This proposed activity would in part replace the current minor repairs of some 4,000 units per year, and it would ensure that units are brought up to standard. The cost of minor repairs would be met out of funds for regular maintenance of existing stock as well as contributions by households.

There is also a cost associated with operating newly constructed homes. At a cost of \$2,100 per dwelling for heating and utilities, 5,160 new units per year will result in \$11 million in additional expenses for heating, electricity and utilities. There is also a need for more funding for program delivery.

How can these resources be generated? It is estimated that First Nations communities generate about \$140 million per year for housing costs at the present time. This includes charges for heat and utilities as well as rental and mortgage charges. Included in this amount is the contribution of about 6,000 households who assume full responsibility for housing and services costs. In addition, First Nations contribute to the cost of construction through training funds and sweat equity.

According to calculations by DIAND based on the 1991 census, only 16 per cent of households on reserves are able to pay the full cost of housing services. Of the other 84 per cent, half can contribute something toward the cost of housing, whereas the other half cannot. Clearly, First Nations communities are extremely dependent on government assistance for housing. For our projections we assume that First Nations people will be able to contribute one-third of the cost of construction and repair for a catch-up program and one-third of the cost of operating and maintaining the newly built dwellings. This estimate assumes that First Nations people will creatively use all resources at their disposal, as we have discussed. (The estimate is also global and approximate. The contribution will vary greatly from community to community, depending on the level of employment and income and the availability of materials, skills and other factors.)

For the purpose of estimating government expenditures, we further assume that the government will pay half its contribution to the capital costs of construction and repair in the form of capital subsidies and commit to making instalment payments on debt for the other half.⁵⁹ We are making this assumption since we do not want to propose that the government share of the catch-up program be financed entirely by loans. This would defer too large a share of the cost and result in First Nations incurring a very large debt.

On the basis of these data and assumptions, and if construction of new homes and repair take place steadily over the next 10 years, the government expenditures required are as set out in Table

4.4. The amount of capital subsidies required for new construction and major repair, \$169 million per year, is constant over time and a moderate increase from the \$136 million DIAND spends at present. However, additional funding is needed to service debts and to operate and maintain newly built stock, and the amounts needed escalate over time as the newly built stock grows. Finally, a constant annual amount of funding is required to maintain and insure existing stock. These estimates underscore the point that the housing challenge in First Nations communities lies not so much in the volume of new construction as in the quality of new dwellings and the maintenance of existing stock. New construction also requires site preparation and servicing. As the number of new units under the catch-up program is somewhat higher than at present (approximately 4,000 homes are built annually), an increase in the budget for construction of municipal service infrastructure is required.

After the 10-year period, when the backlog has been eliminated and the housing stock is of good quality and well-maintained, construction is required only to provide dwellings for new households. The volume of construction thus falls to somewhat less than half the annual level during the catch-up period. Capital subsidies drop sharply, and so does the amount of new commitments for housing loans and utilities.

4.4 Institutional Development

Delivery of housing programs has been devolved to First Nations communities, but limited resources have been made available by DIAND to create and maintain managerial and administrative structures to operate programs. Based on an overhead cost ratio of 10 per cent of capital for administration, the amount provided by DIAND should be in the order of \$14 million annually. In reality, only \$5 million is allocated for this purpose. CMHC has devoted considerably more attention and resources to program delivery and housing stock management and maintenance. Subsidies for this purpose are built into the monthly transfers from CMHC to the bands as non-profit housing corporations. However, only about half of First Nations communities have taken up the CMHC program, and the stock covered by it amounts to only 20 per cent of the total located on-reserve.⁶⁰

The most active tribal council and band organizations appear to be at work in southern Ontario, Saskatchewan, British Columbia and Quebec, with more isolated pockets in Alberta, Manitoba and Atlantic Canada. Elsewhere, housing is an adjunct of band council operations. In our view, the focus for developing new institutions or strengthening established ones should be at the nation level or above. Many First Nations communities are too small to maintain the full range of technical capabilities for housing program design, delivery and maintenance. There has been some movement among First Nations communities to develop broader regional or province-wide organizations, for example, in British Columbia (the First Nations Housing Society of B.C.) and Saskatchewan (the Saskatchewan Indian Housing Corporation under the Federation of Saskatchewan Indian Nations).

In British Columbia, the Commission received a presentation from the Secwepemc Nation, which recommended that housing programs be transferred to levels of government such as their own organization, which represents 17 communities.

It is a large enough organization that there is some flexibility there to be able to handle long-term programs or major projects. It is large enough to be administratively effective, but at the same time it is small enough to be accountable. It can meet on a regular basis. The communities can feel involved.

Bruce Mack
Secwepemc Nation
Kamloops, British Columbia, 14 June 1993*

The Commission is of the view that there is a need for regional institutions to work with managers at the community level to design programs and develop the capacity for housing construction, maintenance and community services. Under self-government, the

natural locus for such organizations is at the nation level, but nations may want to join forces and develop capacity at a higher level of aggregation. Governments have a vital role to play in working with Aboriginal organizations to build up existing centres of strengths and, where they are absent, to assist their formation.

Such institutions may be able to develop particular expertise in arranging financing and brokering building materials supply as well as in providing technical support for housing and community services. Through the secondment of staff from CMHC and other housing resource groups, effective organizations could be put into operation very quickly. (Opportunities to develop financial institutions and building supply stores and production are examined later in the chapter when we discuss economic development.)

4.5 Conclusions and Recommendations

On-reserve housing policy and programs have been under review since 1988. In 1990, DIAND issued a discussion paper, *Laying the Foundations*, and in 1992, the Standing Committee on Aboriginal Affairs published its report, *A Time For Action: Aboriginal and Northern Housing*. Policy proposals have apparently been brought to cabinet a number of times, but little changed until the proposals announced on 25 July 1996.⁶¹ In the communities, while houses are being built and renovated, sound regimes to ensure maintenance of existing homes and build up resources for new construction are still lacking.

There is a way out of this deadlock. The parties have to make housing a priority and assume their responsibilities. Our main purpose in this chapter has been to exhort governments and First Nations households and governments to do so, to clarify their roles and to show how they can be fulfilled in an effective way.

Progress will be made only step by step. The need for adequate shelter is too pressing to wait for full self-government and economic self-reliance, although these are the basis for policy in the longer term. Much can be accomplished if the government removes program constraints and establishes conditions to enable better maintenance and repair of existing stock and the accumulation of capital for replacement. Communities that want to tackle their housing problem must be supported.

Recommendations

The Commission recommends that

3.4.6

The government of Canada and First Nations governments and people undertake to meet the need of First Nations people for adequate housing within 10 years.

3.4.7

The government of Canada complement the resources supplied by First Nations people in a two-to-one ratio or as necessary to achieve adequate housing in 10 years

by

- providing capital subsidies and committing to loan subsidies for construction of new homes and renovations;
- providing funds for property insurance and regular maintenance for home occupants receiving social assistance or with low earned incomes;
- paying rental subsidies for those receiving social assistance or with low earned incomes in amounts that are equitable compared to off-reserve programs; and
- offering financial incentives for private home ownership.

3.4.8

First Nations governments and people make every effort to marshall more resources for housing and community services, through financial contributions from residents in the form of maintenance fees, rents or mortgage payments, and contributions in kind, such as sweat equity and local materials.

3.4.9

First Nations governments assume jurisdiction over housing at the earliest opportunity, enact clear laws regarding housing tenure, and pursue authority to adjust other programs such as social assistance with a view to marshalling more resources for housing.

3.4.10

First Nations governments develop institutions at the nation level or through inter-nation agreements to administer housing and tenure regimes and deliver housing programs with financial and technical support from the government of Canada.

3.4.11

The government of Canada support the efforts of First Nations communities to develop and implement their own tenure systems and housing programs, innovative uses of social assistance to stimulate contributions to housing, and institutions above the community level.

5. Housing in Non-Reserve Communities

The main impediments to creating adequate and affordable housing for Aboriginal people living in non-reserve communities are poverty and discrimination.

5.1 Policies and Programs

CMHC's Rural Housing Program for Aboriginal People was introduced in 1974 to address the needs of rural low-income non-Aboriginal people and Aboriginal people living in non-reserve communities of less than 2,500. The main program provided for home ownership (suspended in 1991) and for rental and lease-to-purchase options in which the client made a payment based on household income and the government covered the difference between that payment and the full cost of shelter. One-time grants for emergency repairs were also available. From 1992 to 1995, CMHC provided a self-help program that enabled clients to build their own homes in return for reduced monthly payments. The Residential Rehabilitation Assistance Program, also available on reserves, was still available in 1995 to Aboriginal people living in non-reserve communities.⁶²

The corporation's urban housing program for Aboriginal people supported the acquisition of housing units by non-profit housing organizations for rental on a rent-to-income basis (25 per cent of gross income). CMHC subsidizes the difference between the housing organization's revenues from rents and its operating costs.

CMHC has also long acted as a lender of last resort in rural and remote areas. However, this function has declined somewhat as private lenders have shown greater willingness to lend. Still, their loans are provided at market rates, and relatively few Aboriginal people have the incomes to qualify.

CMHC stopped making commitments for new units under these programs as of 1 January 1994. Delivery of renovation units continued in 1994 and 1995. Thus, expenditures in 1994-95, shown in Table 4.5, are related almost entirely to social housing projects built in previous years. The lion's share of the monthly subsidy bill goes to repay loans insured or provided directly by CMHC; the remainder goes to maintenance of the stock and operations of the housing institutions.

TABLE 4.5
CMHC Expenditures on Housing for Aboriginal People Not Living on Reserves, 1994-95

	\$ millions
Rural and Native Housing Program	75.5
Urban Native Housing Program	94.8
Remote Housing Program	2.1
Emergency Repair Program	1.1
Total	172.5

At 31 December 1994, 9,088 of the 24,815 units under administration under the rural housing program were estimated to be occupied by Aboriginal people, most of them home-ownership units, and there were 10,301 units under the urban Aboriginal program.

Table 4.6 provides a picture of spending under the various programs between 1986 and the termination of new commitments for construction of units in 1994.

TABLE 4.6
CMHC Expenditures on Housing for Aboriginal People Not Living on Reserves,
1986-87 to 1994-95

	\$ millions
Rural and Native Housing Program	446
Urban Native Housing Program	538
Renovation	42
Total	1,026

In addition to the program support listed earlier, CMHC provides assistance in program delivery, including training. CMHC does not support community infrastructure to provide water and sewerage services as such, but it finances site services to individual units, such as wells, septic tanks and hook-ups to subdivision services.

Most provinces and territories have participated in funding social housing. Since 1985, the urban Aboriginal program has been cost-shared by Newfoundland, Quebec, Manitoba and Saskatchewan. Also since 1985, Newfoundland, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan (partly), Alberta and the Northwest Territories have cost-shared the Rural and Native Housing Program. The province of Alberta had two housing programs serving predominantly Aboriginal households, but new delivery has been terminated.

Aboriginal people are eligible for general housing programs. However, almost all provincial housing programs have been substantially reduced or eliminated in the past few years, and competition for new and existing housing units is intense. The government of the Northwest Territories delivers housing assistance through an access to home ownership program. Aboriginal people constitute such a large proportion of the population that they are the key clientele of this program.

Of the 645,000 non-reserve social housing units under CMHC administration as of 31 December 1994, 19,389 were identified by the corporation as being exclusively for Aboriginal people. Thus, about three per cent of all social housing has been assured to non-reserve Aboriginal households in need, who make up five to six per cent of the Canadian population in core need. Aboriginal people can gain access to the general social housing stock by meeting the relevant criteria in different localities. Aboriginal people are known to do so, but the extent to which they do is not known.

No official data on use of general social housing by Aboriginal people are available, but some indications can be found. In Saskatchewan, according to an unpublished survey by the provincial government, Aboriginal people live in public housing at a rate in excess of

their share of the population but not in proportion to their share of households in need. As well, in 1994 CMHC paid more than \$32 million in housing subsidies to Inuit in northern Quebec under general non-profit and housing programs.

Hence, it is not possible to say how well Aboriginal people's needs are met relative to those of other Canadians. What is clear, however, is that programs targeted to Aboriginal people have made a major contribution to meeting the need for adequate housing, without meeting it fully.

5.2 The Institutional Base for Self-Reliance

Rural, remote and northern housing

In an urban setting, most economic activity occurs through the market system. People build houses as investments as well as to provide shelter. The whole process is shaped by potential resale when a household decides to move.

But in rural, remote and northern locations, few of the rules governing housing in a market-driven context apply. There is not enough cash income, and the communities are too small to have a market for housing. Homeowners have little or no hope of a good return on their investment through rental or resale. At the same time, rural and remote communities face substantially higher unit costs for construction and operation. Costs of sewer and water servicing in particular can be dramatically higher than in heavily settled southern areas because there are no economies of scale for central plants and trunk lines.

Cash incomes in remote areas are often very low, especially where people engage in traditional activities, and the cost of goods is higher than in urban and most southern areas. For these reasons, many groups representing Aboriginal people in rural and remote areas were critical of CMHC's requirement that rent and loan repayments under its lease-to-purchase option be paid at the rate of 25 per cent of gross income. By the same token, Inuit Tapirisat of Canada has indicated that the Northwest Territories Housing Corporation's home ownership assistance program (HAP) is of interest to Inuit but that they are often too poor to afford their own share of costs.⁶³ In his presentation to the Commission, Don Morin, minister of housing for the Northwest Territories, indicated that only one applicant out of 100 was qualified for a unit under HAP.⁶⁴

Various ways of meeting housing needs have been tested. Between 1985 and 1990, CMHC offered a self-build alternative to the lease-to-purchase option under a rural and Aboriginal housing demonstration program. This enabled people to build their own homes as partial payment for ownership in lieu of paying 25 per cent of income over 25 years. This option proved quite successful in northern areas of the country.⁶⁵

In our hearings, we were told of some frustration people felt with the lack of flexibility in housing programs that were ill-suited to the circumstances of rural and remote communities. For instance, Jacqueline Ellsworth, the manager of the housing program for off-reserve Aboriginal people in Prince Edward Island, asked why CMHC requires that

their organization participate in a national competitive process when the first five-year term of a mortgage is up for renewal. They have found that services cannot be provided as effectively from a distance and that designated contact persons are sometimes practically impossible to reach. CMHC's rigid rules for distinguishing between market and non-market areas were also criticized as inappropriate to Prince Edward Island. CMHC reacted unfavourably to a proposal to use the home ownership component of the rural housing program for Aboriginal people to help build a small village, stating that it would not qualify because the site was in an area designated as a market area. Ellsworth took issue with CMHC's position: "The fact is that the national market versus non-market policy...leaves virtually no area in Prince Edward Island that is not designated as a market area".⁶⁶

Tony Andersen, chairman of the board of directors of the Torngat Regional Housing Association in Labrador, told us that houses built in the 1960s and '70s based on southern designs without regard for the northern environment immediately showed structural deficiencies and had at best a life expectancy of 20 years without expensive structural upgrading. He went on to say:

The design is still very much dictated to us, especially when it comes to delivering dollars from *National Housing Act* programs...by engineers from other parts of the world or other parts of Canada at least. The association maintains that the units designed from the foundation to the finish must have our input to gain the respect of the people who live in them.

Tony Anderson
Torngat Regional Housing Association
Nain, Newfoundland and Labrador, 30 November 1992

Aboriginal control and the institutional base to exercise that control are seen as essential to the improvement of programs so that they meet the needs of local communities. Substantial progress has been made in the development of an institutional base over the past decade, but this achievement is now seriously threatened. In rural and remote areas, institutions delivering programs on a fee-for-service basis predominate. With the end of off-reserve housing programs, their existence is threatened as revenues dry up.

The oldest of these housing organizations belongs to the Manitoba Metis Federation. In its brief to the Commission, the federation indicated that it has been active in housing since it was formed in 1967 and it helped to create the rural and Aboriginal housing program.⁶⁷ It established a housing branch in 1979 and, since then, has delivered the rural and Aboriginal housing program. For seven years, it has delivered housing programs under tripartite arrangements with CMHC and the Manitoba Housing and Renewal Corporation. In 1992, income from fee-for-service arrangements was \$1,731,245, and the federation had one or more housing development officers and housing counsellors in each of its six regional offices. In 1995, however, virtually no income was earned.

In his presentation to the Commission, the minister of housing for the Northwest Territories documented the series of cutbacks in the N.w.T. since 1991 and the

government's difficulties in meeting housing needs. He pointed out that their housing backlog in 1993 was 3,500 units, and there is a need to build at least 400 to 500 units a year just to keep up with the growth.

We have a plan on how to end the dependency on the federal government as well as the territorial government, to create more home ownership for our people and so our people can take care of their own problems. The problem is with any plan you need some capital funding and that's what we don't have.

Don Morin
Minister of Housing,
Government of the Northwest Territories
Hay River, Northwest Territories, 17 June 1993

Over the past two decades, the federal government has provided significant leadership in social and Aboriginal housing and has engaged provincial governments in this effort through cost-sharing agreements. The federal government's withdrawal from this area, at the same time as many provinces are also reducing support for social housing, threatens to halt progress and undermine gains already made in meeting the basic shelter needs of Aboriginal people not living on reserves.

There is a clear need for joint strategies and concerted support from all governments and Aboriginal housing organizations to marshal the resources needed for the major catch-up effort we propose in this chapter. We call upon all parties to commit resources, including those that could be available through self-build initiatives, to this effort.

Urban markets

Adequate and affordable housing has long been, and continues to be, a priority concern and need for Aboriginal people living in urban environments. As many presentations to the Commission stressed, the core problem in urban centres is clearly the lack of supply of inexpensive, adequate housing from the private sector, coupled with discrimination by private landlords.⁶⁸

The past three decades have seen a large increase in Aboriginal migration to cities. In 1991, 25.6 per cent of all Aboriginal people lived in the census metropolitan areas of Halifax, Montreal, Ottawa-Hull, Toronto, Winnipeg, Regina, Saskatoon, Calgary, Edmonton, Vancouver and Victoria.⁶⁹ Rural-urban migration of Aboriginal people will continue, creating mounting pressures for affordable accommodation. Aboriginal people often move to specific areas of cities where landlords are willing to rent to them. Some of these areas have the characteristics of urban ghettos, with aggressive policing, barred windows, and routine drug- and alcohol-related violence. They are not good neighbourhoods in which to raise a family.

Efforts to address Aboriginal concerns about adequate and affordable housing in urban areas began in the late 1960s and early '70s. In 1970, Kinew Housing was formed as a non-profit corporation to begin meeting the housing needs of Aboriginal people in Winnipeg, and this was followed by other programs in Toronto, Fredericton, Edmonton

and Saskatoon. CMHC's urban housing program for Aboriginal people was established in 1978 to provide assistance to non-profit housing corporations or co-operatives to acquire, build, renovate and operate subsidized rental housing. There are now 92 Aboriginal urban housing corporations in Canada, with assets estimated at more than \$500 million.⁷⁰ At 31 December 1994, these corporations administered 10,301 units, according to CMHC data.

The accommodation provided through these housing corporations, as revealed in tenant interviews, has had considerable benefits, including family stability, access to education opportunities, the preservation and reinforcement of cultural identity and, for the most part, a positive impact on relations between Aboriginal and non-Aboriginal people. In addition, the stable environment provided by these corporations has enabled tenants to take advantage of employment opportunities, to further their education and, in some instances, to buy their own homes. Through counselling services, the corporations have also helped tenants gain access to government and other resources to increase their chances for self-reliance.

Housing corporations face several challenges, as the government has ceased making new commitments under the urban Aboriginal housing program. The immediate consequence is that the corporations cannot meet the continuing need for social housing. Representatives of urban Aboriginal groups appearing before the Commission told us they have long waiting lists and expressed concern that these lists will grow.

A lack of new funding is not an immediate threat to the survival of the corporations, as they have assets and income from rents and government subsidies on existing units. They do not have much equity, however. For instance, the Gabriel Housing Corporation in Regina, the subject of one of four case studies carried out for the Commission, has assets of \$13 million and mortgage debt amounting to 96 per cent of the value of assets, with replacement reserves making up the remaining four per cent.⁷¹

The age of the housing stock is a problem. About 23 per cent of the 11,000 units managed by these corporations were purchased between 1971 and 1983, when few subsidies were available. The corporations often purchased older homes that were more affordable and fell within the maximum unit prices defined by CMHC, resulting in more maintenance and repair costs.

Current CMHC regulations prevent housing corporations from selling a house that is not cost-effective, since the mortgage on the house cannot be transferred to a different unit. If corporations were also allowed to move earnings around within a portfolio of units and to apply surpluses to buying new units, they could expand their housing stock at a modest rate without additional subsidies. (Over time, the loans for these projects are paid off, and non-profit corporations find themselves in the same fortunate position as any other debt-free owner.) We believe that the government should relax current restrictions to give social housing corporations greater freedom to manage their assets and thus maximize the services they provide.

Urban Aboriginal housing corporations should be encouraged to expand their mandate in a way that increases individual self-reliance through home ownership. Additional activities to serve the needs of the growing Aboriginal population in urban areas could include self-build initiatives for low-income people who wish to become homeowners, lease-to-purchase options for tenants, and the direct sale of properties to tenants. With a broader mandate, the corporations would continue to meet social needs through the provision of subsidized, affordable rental accommodation. But they would also open doors to the future self-reliance of urban Aboriginal people.

Self-reliance and home ownership can also be promoted through approaches like that of Habitat for Humanity. We believe that this approach holds promise in urban areas as well as in Aboriginal communities and urge Aboriginal people, particularly youth, to work with this organization in meeting their housing needs (see also Volume 4, Chapter 4).

Aboriginal housing corporations face other challenges.⁷² Few resources have been allocated for staff and board training and development. A report prepared for CMHC in 1988 stated:

There was no start-up management training provided to the Native institutions — some staff were encouraged by CMHC to attend local Real Estate Board courses, but generally speaking, the Native groups had to make it on their own within the tight financial and time constraints of the program.⁷³

The portfolios of many urban Aboriginal housing corporations may not be large enough to achieve efficient management systems. (A critical mass, in the view of professional property management firms, ranges from 250 to 400 units.) In addition, these corporations have tended to purchase widely dispersed single units, increasing their administrative load.

While social housing provided through Aboriginal non-profit corporations is a viable and productive approach to meeting Aboriginal needs in urban areas, it is unlikely that it could meet all the need in a reasonable period of time. A rapid solution to urban Aboriginal housing problems must make use of private rental stock. In many regions with substantial Aboriginal populations, there is a large supply of reasonably priced rental accommodation. For example, in October 1994, the following vacancy rates existed in major urban centres in western Canada: Calgary — 5.1 per cent; Edmonton — 8.7 per cent; Regina — 3.1 per cent; Winnipeg — 5.6 per cent. A three per cent rate is considered sufficient to provide for healthy competition in the rental market. Rent subsidies are a cost-effective way to make adequate accommodation available to low-income households in urban areas. Households whose main source of income is social assistance receive shelter allowances as a supplement. However, households with low earned incomes may not be able to afford adequate housing, and these households need assistance.

Rent subsidies can be attached to particular dwelling units, or they can be made available to households in the form of shelter allowances that bridge the gap between the market

rent of adequate accommodation and what the household can afford. The latter type of assistance leaves maximum choice to the household. This approach has been tested in several provinces, with generally favourable results.

Shelter allowances are at least a partial response to the problem of discrimination in rental housing markets in that they give landlords greater assurance that rents will be paid. It is generally acknowledged that discrimination exists and that Aboriginal people as a group rarely find what they need in the private housing market.⁷⁴ However, as protection against discrimination is ineffective, there will remain a need for social housing corporations.⁷⁵

5.3 An Estimate of Government Expenditures Required

According to a preliminary estimate by CMHC, based on data from the 1991 Aboriginal peoples survey (APS), approximately one-third of Aboriginal households off-reserve are in core need: adequate housing does or would take up more than 30 per cent of these households' income, and assistance from government is generally required for them to have their needs met. The amount of assistance required varies and is generally higher in the North.

According to the APS and population projections prepared for the Commission, an estimated 17,000 new units are required to meet the needs of those who do not live in their own dwelling, and 37,000 dwellings need major repair. In addition, population growth over the next 10 years will add 21,600 households in need of assistance.⁷⁶

As discussed in the previous section, the form of assistance will vary by location. In urban centres where there is a rental market, needs can be met by rent subsidies, obviating the need for new construction. This could meet the needs of about one-third of those in need. For the other two-thirds, housing assistance will take the form of mortgage subsidies. If it is assumed that households in need can afford to pay one-third of the cost, government funding for a ten-year catch-up program will amount to \$37 million in the first year, rising to \$366 million by the tenth year.⁷⁷ After the 10-year period, new construction is required only to keep up with new household formation, that is, 2,160 instead of 3,860 units per year. New loan commitments will also drop sharply, and rental and mortgage subsidies will rise by \$10 million per year from then on, instead of by \$31 million as during the catch-up period.

5.4 Conclusions and Recommendations

There is clearly a need for subsidized housing for Aboriginal people living in non-reserve communities. Whatever differences may exist about details, the Commission found broad agreement among leaders, experts, and community representatives that CMHC programs directed to Aboriginal people who do not live on-reserve need to be restored, with appropriate modifications for greater effectiveness and to stimulate individual self-reliance.

Over the past decade, Aboriginal people have made significant progress in developing the institutional capacity to address housing problems in non-reserve communities. The Commission is concerned that the federal government, having helped to create the institutional base for housing programs, is now undermining that base with the elimination of key CMHC programs. We understand that the federal government's 1994-95 program review was based on the principle of reducing program activities that are not core functions of the federal government. Many programs, in addition to CMHC's social housing programs, have been affected.

However, the Commission believes that the federal government's withdrawal from this area is unrealistic and at odds with one of its responsibilities to Aboriginal people. Governments have a duty to ensure that Aboriginal people have the means to afford their own housing and, failing that, to supplement the resources Aboriginal people can supply. A major catch-up effort requires collaboration by all parties. In this constrained fiscal environment, the federal government cannot assume that its withdrawal from CMHC programming in non-reserve communities will mean that provinces will take over. If anything, the federal withdrawal creates a vacuum and loss of the critical mass of resources needed to leverage other resources, private sector and Aboriginal, necessary for a catch-up effort.

Recommendations

The Commission recommends that

3.4.12

The government of Canada and the governments of the provinces and territories undertake to meet fully, in co-operation with Aboriginal people and within 10 years, the need for adequate housing of Aboriginal people not living on reserves.

3.4.13

Aboriginal people not living on reserves make every effort to marshal more resources for housing in a variety of ways, through contributions in kind, use of local materials, and effective housing organizations.

3.4.14

The government of Canada engage the provincial and territorial governments in a strategy to meet the housing needs of Aboriginal people living in non-reserve communities by

- reinstating and increasing funding for new social housing and mortgage subsidies under the Aboriginal off-reserve programs of CMHC;

- providing greater autonomy and flexibility to Aboriginal organizations delivering the program in rural areas and to urban social housing corporations; and
- providing rental subsidies as a cost-effective option where rental markets exist.

6. Government Expenditures to Achieve Adequate Housing for Aboriginal People in 10 Years

To summarize the financial implications of our approach to the Aboriginal housing challenge, we propose that governments and Aboriginal people undertake to meet fully the needs of the Aboriginal people for adequate and suitable shelter by the year 2007. This means that sufficient new dwelling units are provided to accommodate new household formation, to supply homes to those on waiting lists, and to replace unsalvageable units on-reserve. In addition, all major repairs and renovations currently needed should be completed within 10 years. In First Nations communities, the federal government would complement the resources brought to bear by people in the communities by supplying funds covering two-thirds of the cost of new construction and major repair — half of it through capital subsidies, the other half to be financed by loans. The federal government would also pay for regular maintenance and insurance of newly built stock and the cost of heating and utilities. In addition, the federal government would immediately supply funds for regular maintenance and insurance of existing dwellings whose residents are dependent on social assistance. Elsewhere, federal, provincial and territorial governments would provide two-thirds of the cost of upgrading and expanding the housing stock or, where rental markets exist, of rental subsidies for households in core need. Clearly, the federal government would have to take the lead and supply all the necessary finances on reserves and a major share of the off-reserve requirements.

As shown in Table 4.7, implementation of this 10-year catch-up program will require additional government spending of \$228 million in the first year, rising to \$774 million by the tenth year. If the federal government maintains the capital subsidy on reserves at about its present level, new funds are needed for payment of mortgage or rental subsidies for newly built and renovated dwellings (in the first year, \$23 million on-reserve and \$37 million off-reserve). These payments double in the second year and increase by the same amount every year over the 10-year period. New funds are also needed for acceleration of installation and repair of water and sewage systems in communities that have unsafe and inadequate systems. These extra expenditures, however, come to an end after five years.

TABLE 4.7
Additional Government Expenditures Required to Achieve Adequate Housing for Aboriginal People over 10 Years

	1997	2006	2007
	\$ millions		
On-Reserve			

Construction of new dwellings and major repair (5,160 units per year, dropping to 3,000 units after 2006)			
Capital subsidies	169	169	90
Debt servicing (including maintenance)	23	230	242
Heating, electricity and utilities	7	72	76
Program delivery	15	15	15
Government expenditures related to new and repaired dwellings	214	486	423
Maintenance and insurance on existing stock	40	40	40
Total federal housing expenditures on-reserve	254	526	463
Less existing expenditures	(141)	(141)	(141)
Net new federal housing expenditures on-reserve	113	385	322
Net new federal expenditures on water and sanitation systems on-reserve	78	23	-20
Off-Reserve			
Mortgage and rental subsidies (federal, provincial and territorial governments; 3,860 units per year, dropping to 2,160 units after 2006)	37	366	382
Total incremental government expenditures for housing, water and sanitation	228	774	684

Note: The estimate for water and sewer systems includes \$55 million to make existing systems adequate and safe and \$23 million to accommodate the increase in the annual volume of new construction.

By the end of the 10-year period, the backlog will have been eliminated and major repairs will no longer be needed. Accordingly, the level of construction and repair activity on-reserve will have dropped by about one-half, and capital subsidies will have been reduced by the same proportion, as will expenditures for expanding infrastructure. The expenditures for infrastructure investment in Table 4.7 are estimated on an assumed cost of \$20,000 per unit. After the year 2006, the number of new homes constructed annually on-reserve is projected to decline by 2,150 units, from 5,160 to 3,010 units. Expenditures for debt servicing and heating, electricity and utilities on-reserve and for mortgage and rental subsidies off-reserve are related to the size of the stock of subsidized dwellings and will continue to be required after the catch-up period. Amounts required will increase over the years as more dwellings are added but at a lower rate than during the catch-up period.

On the basis of these projections, additional government expenditures related to housing for Aboriginal people would resume an upward trend after a one-time reduction at the end of the catch-up period. Two other factors need to be considered, however. First, loans for dwellings built before 1996 will be paid off at some point, and subsidies for payments on this debt will no longer be required. Further into the future, loans for construction during catch-up will be repaid. Hence, total government expenditures for Aboriginal housing will not keep rising inexorably in the future.

Second, and more important, if the economic circumstances of Aboriginal people improve, they will assume a larger share of housing costs, and the government share will be reduced accordingly. As noted elsewhere in this report, little progress is evident in this regard, but much greater economic self-reliance certainly is possible if policies are changed. We are convinced that on the basis of policies recommended in this report, significant economic gains are possible for Aboriginal people within 10 to 20 years. This

is a key objective of our proposals. If poverty among Aboriginal people were eradicated, not only would expenditures on housing programs be sharply reduced, Aboriginal people would also contribute more revenues to governments. The implications of increasing economic self-reliance for government finances are examined in Volume 5, Chapter 3.

7. Revitalizing Aboriginal Communities Through Housing

7.1 Economic Development

Housing construction and maintenance provide excellent opportunities for Aboriginal employment and business creation because of their high local labour content. It is assumed that construction of a new unit requires 1.5 person-years, and major renovations 0.5 person-years. Needs are as estimated in this chapter, including all 42,700 new dwellings needed off-reserve to accommodate population growth off-reserve. A 10-year effort to meet housing needs will generate approximately 178,000 person-years of employment in the construction sector alone — not counting employment from maintenance and minor renovations and repair — or 17,800 full-time, full-year jobs. This would be close to twice the present level of Aboriginal employment in the sector.⁷⁸ To maximize benefits to Aboriginal communities, a focused effort to exploit new economic opportunities must accompany the building program. There will be opportunities to establish new businesses and acquire skills not just in construction, building supplies and financing but also in many other lines of business as more income earned in construction activity is spent in communities.

Considerable Aboriginal capacity already exists. In 1991, 6.1 per cent of Aboriginal adults reported an occupation in the construction sector, compared to 4.0 per cent of Canadians.⁷⁹ The proportion of construction businesses in Canada owned by Aboriginal people exceeds the Aboriginal share of the adult population. These businesses provide a wide range of services, from excavation to drywalling, road grading and paving to landscaping.⁸⁰ But they tend to be small, counting about three employees per firm, compared to five for other construction firms, and have low revenues per employee. In relation to the distribution of the Aboriginal population, private construction businesses are rather numerous in British Columbia and off-reserve and less common elsewhere.⁸¹ On-reserve one finds more community-owned businesses and independent trades persons.

In isolated Aboriginal communities the construction sector tends to be locally oriented. On remote reserves, a small number of homes are built year after year, and because of the lack of alternative employment opportunities, band governments try to maximize the amount of paid work and on-the-job training. Often, geographic isolation means that there are few opportunities for businesses to expand and for tradespeople to earn income outside the community.

In more densely populated areas, Aboriginal businesses are participating increasingly in the larger markets. At the same time, Aboriginal governments are aiming to get the best value for their housing budgets and will give preference to local contractors only if they are competitive.

A boom in housing construction and repair would do more than create jobs and higher profits. It would enable contractors to take on larger projects and gain experience before venturing into the wider regional market. The Aboriginal construction industry would be able to acquire the more advanced technical and large-project management skills in which it still lags. (See Volume 2, Chapter 5 for a discussion of specialized knowledge and skills needed for economic development.)

Greater gains are possible if communities work together, pooling their resources. For instance, through pooling, construction activity may reach the threshold at which acquisition of specialized equipment becomes profitable. Communities could own and operate businesses jointly or agree to rely on each other's specialized tradespeople, in particular if there is no regional market that offers opportunities for growth and specialization of Aboriginal businesses. An example of the potential for joint action, and one cited in Volume 2, Chapter 5, is the Cree Construction Company (Quebec), established in 1976 with a mandate to construct houses in Cree communities. It later expanded into road construction and maintenance, infrastructure and renovation works, and environmental projects. The company reached just under \$66 million in business volume in 1993-94, with a profit of \$4,253,000 before taxes and a net profit of \$2,678,082. During the peak season that year, 250 Cree were employed throughout the territory.⁸²

A similar approach could be taken with building supplies. As almost all Aboriginal communities are too small to have a building supply store and sawmill, pooling of local demand that is boosted by catch-up construction activity will create new opportunities to establish businesses and factories or to make them more competitive. For instance, in Wikwemikong on Manitoulin Island, a building supply store is jointly owned by the First Nations communities in the region. Some communities have not been satisfied with the service and cost-competitiveness of the store, but these problems are now being addressed. There are plans to open a store in Sioux Lookout to supply communities in the region, but it is feared that this might trigger a price war with current suppliers. An increase in demand for materials flowing from greater housing activity will make this store and others like it more viable. There is also potential for spin-off businesses, as illustrated by the community-owned construction company in Fort Chipewyan, which has developed an equipment rental operation.

There is growing interest in using locally produced materials in home construction, and some communities are looking into design and pre-fabrication as a way to provide year-round employment. With building materials, building kits, log homes and prefabricated dwelling components, possibly with Aboriginal designs, it may be feasible to break into national or international markets. In the past decade, the technology of pre-engineered dwellings in Canada has advanced tremendously, to the point where companies are exporting the majority of their products, especially log houses, to the most demanding markets in the world. A Canada-wide Aboriginal building materials corporation could be created to assemble and ship housing kits at lowest cost and with maximum Aboriginal content.

The indirect effects of a housing construction boom on the economic development of Aboriginal communities could far outweigh the opportunities in sectors directly related to housing. A housing boom would bring much more income into communities, which, together with income now spent outside communities, could provide a sufficient market for new local services such as general stores, repair of automobiles and equipment and other services. In Volume 2, Chapter 5 we cited a study conducted for the Shuswap Nation Tribal Council in British Columbia, which found that 81 per cent of all consumer expenditures in the six communities studied were made off-reserve. At an average of \$16,700 per household, the 457 households in these communities inject \$7.3 million annually into the non-Aboriginal economy.⁸³ This indicates the potential for developing services in the communities, a potential that would be larger still with the incomes generated by an intensive housing program. Communities would also be able to accumulate savings and build capital for further investment.

To maximize business development, capital needs to be available. As construction activity accelerates, the government should stand ready to supply equity capital to new and expanding businesses. It is unfortunate that business development programs have taken the brunt of federal expenditure restraint; this should be reversed. In Volume 2, Chapter 5 we recommended that the federal government restore funding for programs that provide equity contributions to businesses to the highest level experienced in the last decade.

Small Aboriginal construction firms as a rule are unable to obtain performance bonds, making it difficult for them to break into the wider market and undertake larger projects. Governments sometimes waive the bonding requirement, and some Aboriginal capital corporations have provided a line of credit on occasion, but no general remedy is available. It appears that specific support of Aboriginal firms at strategic moments is necessary. These firms can boost their own preparedness through joint ventures or subcontracting on larger projects.

Throughout our hearings, organizations involved in housing argued that an Aboriginal financing institution should be created to capitalize on opportunities related to housing and ensure that the substantial profits from interest on loans remain within the Aboriginal community. At present, there is only a minimal Aboriginal presence in the financial sector. A few communities have caisses populaires and credit unions involved in local lending activities. The largest independent Aboriginal financial institution is Peace Hills Trust, a full-service trust company.

In Volume 2, Chapter 5 we argued that banking services should be made available in or be accessible within a reasonable distance of all Aboriginal communities, through the establishment of credit unions and bank branches. The demand for mortgage loans, especially during a catch-up housing construction program, will make establishment of credit unions or bank branches more feasible. In a number of First Nations communities, private mortgages without ministerial and band guarantees are a realistic possibility, as methods now exist to use real property on-reserve effectively as security for loans without violating the *Indian Act* or risking alienation of reserve land.⁸⁴

Such opportunities may multiply in the future as economic development proceeds and arrangements for housing tenure are clarified.

For many First Nations communities, band governments will continue to deliver housing, and the financing of CMHC-subsidized units will remain the model for some time. This involves loans centrally financed by CMHC or by private institutions or capital market funds. (An example of a private fund is the proposal to create a First Peoples trust, as described in Volume 2, Chapter 5.) Here too opportunities for Aboriginal involvement exist. Two Aboriginal capital corporations (ACCs) have recently begun to act as agents for CMHC. One of these, All Nations Trust of Kamloops, B.C., is incorporated as a trust company and could evolve to become a full-service deposit-taking financial institution. Other ACCs are not so well-positioned, and their small capital base and high-risk lending for small business development do not constitute a good starting point for becoming banking or trust companies. However, involving ACCs and similar Aboriginal institutions in the delivery of mortgage loans makes good business sense, and we believe governments should expand participation of Aboriginal institutions in financing residential mortgages and other loans as opportunities to do so increase and Aboriginal financial and institutional capacity grows.

For maintenance and repair of housing, small-scale solutions that reflect the smaller amount of capital involved may be appropriate. A community savings institution could be involved in lending for renovation projects or new pieces of household equipment, with repayment over a shorter period and with community 'loan circle' repayment schemes. (For more information on community loan circles, see Volume 2, Chapter 5.)

Recommendation

The Commission recommends that

3.4.15

The government of Canada help Aboriginal people exploit the economic development opportunities arising from an increase in construction, repair and maintenance of dwellings for Aboriginal people

- by providing funding and support through training and business development programs; and
- by actively expanding the involvement of Aboriginal financial institutions in mortgage financing as agents of CMHC and as mortgage lenders.

7.2 Political, Social and Cultural Benefits

To conclude this chapter, we return to one of its leading themes: the significance of housing for community activity, self-expression and healing. To illustrate this theme, we look at the story of a community that was relocated and obtained funding to rebuild.

While most communities will not be able to focus on their housing needs in the same intensive way, the example is nonetheless instructive.

The Cree community of Oujé-Bougoumou, Quebec, chosen by the United Nations as one of 50 exemplary communities around the world, provides a vivid example of how traditional values and culture can be combined with modern design and technology, providing the basis for cultural renewal.⁸⁵ Forced out of their homes seven times over five decades to make way for mining developments, deprived of their independent status as a band in 1936, and finally dispersed in 1974 to other communities or relegated to living in shacks beside logging roads, the living conditions of the Oujé-Bougoumou Cree had degenerated by 1986 to a state described in a report prepared for the Grand Council of the Crees of Quebec as the worst in the developed world.

In 1982, they began a long and difficult campaign to regain their rights to their land. An agreement with Quebec was concluded in 1989, though only after a high profile blockade of the main logging road to Nemaska. The agreement provided surface rights to 167 square kilometres of land, together with \$25 million toward the construction of a village for their 525 community members and the development of socio-economic programs. In 1992, the federal government contributed an additional \$50 million.

The design of the village takes into account more than physical accommodation and encompasses concerns about cultural renewal, economic development, environmental sustainability and social healing. The depth of the feeling about this new village is captured in the words of three of its residents, as recorded by John Goddard:

I still shiver when I say the word 'home'.

I can't find the words to describe the joy, the happiness, the love I feel in this community.

The hurt and pain is in the past now. I am happy that my two children will not grow up with a lonely feeling in their hearts like I did.⁸⁶

Goddard reports that when Chief Abel Bosum opened the medical clinic, he said that he thinks of the entire village as a healing centre, a place of learning, physical sustenance and spiritual renewal, an environment that produces healthy, secure, confident and optimistic people.

The village, designed by Aboriginal architect Douglas Cardinal, with extensive involvement of community members, has a number of features to foster renewal:

- central buildings that combine teepee shapes with modern forms, houses designed to echo the style of the central buildings and a layout reflecting traditional Cree settlement patterns;
- an open pavilion or *saptuan*, a longhouse-style meeting place that doubles as a skating rink in the winter;

- an innovative district heating system that uses waste sawdust from nearby mills;
- a home ownership program with payments geared to income;
- a school that functions as a place for both learning and recreation and that has become a centre of village life;
- regular workshops to discuss the roles and responsibilities of community living to make the transition from 23 years of dispersion to a significantly altered way of life; and
- a summer work program for youth to help foster a new attitude toward personal effort and wealth creation.

Deciding to develop their village with a district heating system was one of the major decisions the community had to make, because it required a substantial capital investment and the building of energy-efficient homes, while the revenues expected from those houses would be so low that the viability of the district system was not assured. The Oujé-Bougoumou community report, *On the Road to Self-Reliance*, documents their reason for proceeding with the system:

The key to understanding the community's decision is that they viewed the district heating system as an integral part of the future socio-economic development of the community, and thereby, having an impact on local employment, on future community projects and on their innovative housing program. They were not looking strictly at short-term economic return. They had instead adopted a profoundly comprehensive view of community economics and were convinced that the community as a whole would reap substantial benefits from the installation of a district heating system.

Over the long term, the Commission sees an increasing capacity to make housing and community services a centrepiece of cultural and community renewal because they are so tangible and visible. Indeed, we believe housing can and should be a key part of community healing and of cultural revival and self-definition among Aboriginal peoples. Aboriginal design and environmental technologies could reflect the rich history and the deep environmental sensitivity of communities and regions.

The opportunities range from actual use of heritage designs to new versions of housing that capture the spirit of historical dwelling designs and carry it forward in a contemporary way. Distinctive Aboriginal housing could make a significant contribution to a more vibrant and liveable Canada.

Because poor quality housing and community services are reflections of poverty and a deeper malaise as well as contributors to them, appropriate actions to improve living conditions are a vital part of community building. However, when provided without participation or close attention to individual and community needs, housing and community services become yet another message of dependency and subordinate status.

The lessons of Oujé-Bougoumou underscore this point. In the words of Chief Abel Bosum:

Now we are no longer the ‘forgotten Crees’. We are no longer the passive victims of industrial forces, no longer the pathetic, oppressed people seeking the sympathy of others. Instead, we have become daring innovators and self-confident planners.

Instead of winning people’s sympathy, we are now gaining their respect.⁸⁷

Notes:

1 To place these expenditures in context, in 1993-1994, all governments combined spent \$3.9 billion on housing for Canadians in need. (Statistics Canada, “Public Sector Finance, 1994-1995: Financial Management System”, catalogue no. 68-212, Table 1.33.)

Expenditures on social housing (assistance to households in need that cannot obtain affordable, suitable and adequate shelter in the private market) by the Canada Mortgage and Housing Corporation (CMHC) were in excess of \$2 billion in the same year. In addition, governments provide shelter allowances to households dependent on social assistance.

2 Statistics Canada, Aboriginal Peoples Survey (APS), “1-Disability, 2-Housing”, catalogue no. 89-535.

3 The source of the figures for Canada as a whole is Statistics Canada, “Household Facilities and Equipment, 1995”, Catalogue No. 64-202. Caution must be used in comparing data from this catalogue with APS figures since categories and samples used are somewhat different. (For a general discussion of the sources of data used by the Commission in this report, see Volume 1, Chapter 2, particularly the endnotes.) However, overall patterns seem clear enough. Since the Canadian data include Aboriginal households (except those living on reserves), disparities may appear somewhat smaller than if Aboriginal households were excluded. In Table 4.1 and Table 4.2, the general Canadian data include only non-farm, non-reserve dwellings. The Aboriginal data include all non-farm dwellings, including those on reserves, where at least one of the occupants self-identifies as an Aboriginal person. Note that tenant-occupied dwellings do not include band-owned housing, which is treated as a separate category (see Table 4.2). ‘Owner’s major payments per month’ refers to the average monthly payments made by the owner to secure shelter.

4 DIAND and CMHC made their estimates of housing need available to the Royal Commission on Aboriginal Peoples.

5 The estimate of Canadian households in core need was published by CMHC in *Research and Development Highlights*, Socio-Economic Series “Canadian Housing

Need, 1991”, Issue 11 (Ottawa: CMHC, 1993). This estimate is based on the household income, facilities and equipment data base at Statistics Canada (which contains data from several sources, including the household facilities and equipment survey, on which the Canadian data in Table 4.1 are based), whereas the estimate for Aboriginal people off-reserve is based on the Aboriginal peoples survey. The two sources are not consistent, and the number given for the Aboriginal share of households in core need must therefore be treated with caution.

6 Transcripts of the Royal Commission on Aboriginal Peoples [hereafter RCAP transcripts], Orillia, Ontario, 12 May 1993.

7 RCAP transcripts, Lethbridge, Alberta, 25 May 1993.

8 RCAP transcripts, Vancouver, British Columbia, 3 June 1993.

9 According to 1993-94 data from *Canadian Housing Statistics, 1994*, CMHC social housing made up about 20 per cent of housing on reserves, 13 per cent of urban Aboriginal housing, and less than 9 per cent of Aboriginal housing in rural areas and smaller communities. DIAND also provides assistance for housing in First Nations communities, but its program has tended to deliver poorly built, rapidly deteriorating dwellings.

10 Chapter 3 of this volume documents the higher rates among Aboriginal people of illness and death due to infectious diseases. Press reports continue to add to the body of evidence. For example, the Mathias Colomb Cree Nation in northern Manitoba recently reported 300 cases of hepatitis and 12 cases of TB among the 1,960 residents of the reserve, and several other health problems. Among the probable causes are overcrowding (few homes have been built in the past few years because of large debts), a water supply contaminated by seepage from a sewage lagoon, toxic gases from an old industrial site over which a school gymnasium was built, and methane gas build-up from a deteriorated sewer line under one of the homes. “Home, horrible home”, *Winnipeg Free Press*, Sunday, 5 November 1995, p. A5; and “Indians blame polluted land for epidemic of hepatitis, TB”, *Globe and Mail*, 23 November 1995, p. A3.

11 The Aboriginal rate of deaths from fire is 3.5 times the non-Aboriginal rate, as reported in House of Commons, Fourth Report of the Standing Committee on Aboriginal Affairs, *A Time for Action: Aboriginal and Northern Housing* (Ottawa: December 1992).

12 Obonsawin-Irwin Consulting, “Aboriginal Self-Determination: The Role of Aboriginal Urban Housing Initiatives”, research study prepared for the Royal Commission on Aboriginal Peoples [RCAP] (1994). For information about research studies prepared for RCAP, see *A Note About Sources* at the beginning of this volume. The four case studies (research studies prepared for RCAP) are MEwS Corporation (Stan Willox), “Urban Aboriginal Housing Project, Case Study: Gabriel Housing Corporation” (1993); H.P. Consultants, “Skigin-Elnoog Housing Corporation” (1993); George W. Miller, “Inuit Non-Profit Housing Corporation of Ottawa: A Case Study”; and

Obonsawin-Irwin Consulting, "A Case Study of Urban Native Homes Inc. of Hamilton" (1993).

13 Department of Indian Affairs and Northern Development [DIAND], *Laying the Foundations of a New On-Reserve Housing Program, Discussion Paper* (Ottawa: Supply and Services, 1990), pp. 1-2.

14 Liberal Party of Canada, *Creating Opportunity: The Liberal Plan for Canada* (Ottawa: Liberal Party of Canada, 1993), p. 100.

15 Assembly of First Nations, Presentation to the Standing Committee on Aboriginal Affairs on First Nations' Housing, 18 February 1992, as quoted in *A Time for Action*, Standing Committee on Aboriginal Affairs (cited in note 11), p. 23.

16 Assembly of First Nations, "Reclaiming Our Nationhood, Strengthening Our Heritage: Report to the Royal Commission on Aboriginal Peoples (1993), recommendation 92. For information about briefs submitted to RCAP, see *A Note About Sources* at the beginning of this volume."

17 Tony Coté, director, Saskatchewan Indian Housing Corporation, in House of Commons, *Minutes of Proceedings and Evidence of the Standing Committee on Aboriginal Affairs*, Issue No. 23 (Ottawa: Queen's Printer, 1992), p. 9.

18 Statistics Canada, "Public Sector Finance" (cited in note 1).

19 The first steps toward a review of the on-reserve housing policy were taken in 1988. The discussion paper *Laying the Foundations* (cited in note 13) was issued in 1990. To date, no new policies have been announced.

20 National Aboriginal Housing Committee, "First Our Lands, Now Our Homes---A Response to the Urban and Rural Native Housing Crisis Created by Canada's Federal Budget Cutbacks", brief submitted to RCAP (1993), p. 5.

21 National Aboriginal Housing Committee, "First Our Lands, Now Our Homes", p. 8.

22 See also Attorney General of Ontario, "The Protection of Social and Economic Rights: A Comparative Study", Staff Paper, Constitutional Law and Policy Division, Ministry of the Attorney General of Ontario, 19 September 1991.

23 The right of Aboriginal people to a land and economic base is also beginning to be asserted in international law. A Draft Declaration on the Rights of Indigenous Peoples is being developed by the United Nations Working Group on Indigenous Populations and recognizes Indigenous peoples' rights to territory and to "freely pursue their economic, social and cultural development".

24 This obligation of governments is also being asserted in international forums. Article 22 of the UN Draft Declaration on the Rights of Indigenous Peoples states: “Indigenous peoples have the right to special measures for the immediate, effective and continuing improvement of their economic and social conditions, including in the areas of employment, vocational training and retraining, housing, sanitation, health and social security.”

25 Health Canada and DIAND, *Community Drinking Water and Sewage Treatment in First Nations Communities* (Ottawa: Public Works and Government Services, 1995).

26 The federal government pays about 80 per cent of the cost of installing and operating sewage systems; service charges cover the remaining 20 per cent.

27 Government of Canada, *The State of Canada’s Environment* (Ottawa: Supply and Services, 1991).

28 DIAND, *Arctic Environmental Strategy Progress Report* (Ottawa: 1995).

29 The Green Plan funds have been integrated into the annual budgets for DIAND and are not identified separately in the estimates or the public accounts. See DIAND and Canadian Polar Commission, *1995-96 Estimates, Part III: Expenditure Plan* (Ottawa: Supply and Services, 1995).

30 Health Canada and DIAND, *Community Drinking Water and Sewage Treatment* (cited in note 25), pp. 10 and 13. Probably close to two-thirds of the amount spent was for site preparation and servicing of new dwellings. At an average investment of \$20,000 per dwelling (an average reflecting recent experience) and approximately 4,000 dwellings per year, \$320 million would have been needed over four years for new dwellings. Thus, \$167.6 million or just over one-third of the total of \$487.6 million would have been available for improvement of inadequate systems. This is confirmed by data from the *Housing and Infrastructure Report, 1994*, and the main estimates of 1991-92 to 1995-96, showing that \$98 million out of \$270 million for water and sewer projects was spent in communities lacking adequate systems or having only partial systems, while the other two-thirds was used to hook up newly built homes. (Only projects with a total value of more than \$1 million are listed in the estimates.)

31 DIAND and Canadian Polar Commission, *1995-96 Estimates* (cited in note 29). No comparable data are available for Canadian homes.

32 This estimate is based on the assumption that the systems for which no engineering studies have been completed will cost as much, on average, as those costed. As costs of construction and repair vary widely among systems, this figure is only an approximation. On 10 July 1996 the government announced that it would reallocate \$98.5 million within the existing DIAND budget to accelerate work on First Nations community water and sewage systems.

33 Approximately one-third of capital spending on sewer and water systems over the past four years was on sites with inadequate facilities.

34 See Figure 40, Details of Major Capital Projects, in *1995-96 Estimates* (cited in note 29).

35 'Small community flows' refers to miniaturized water and sewage systems. Facilities in dwellings are designed to minimize use of water and accumulation of wastewater. Water is supplied and wastewater collected by small haul tanks pulled by tractors, snowmobiles or all-terrain vehicles.

36 Health Canada and DIAND, *Community Drinking Water and Sewage Treatment* (cited in note 25), p. 14.

37 In 1994-95, DIAND allocated \$27.5 million to operating water systems and \$12.6 million for wastewater. Almost half the funds relates to water delivery and wastewater removal by truck plus payments to municipalities for services. In addition, DIAND allocated \$1.2 million to management and training related to community service systems. Information provided by Finance Branch, DIAND.

38 Health Canada and DIAND, *Community Drinking Water and Sewage Treatment* (cited in note 25), p. 19.

39 These numbers are based on data provided by DIAND and differ from Tables 4.1 and 4.2, which are based on the Aboriginal peoples survey (APS).

40 As of 1995, the maximum loan size was \$27,000, and the forgivable portion ranged from \$12,000 to \$18,000. A supplement of 25 per cent for both the loan and forgivable portion is provided in areas defined as remote. Between 1988 and 1995, CMHC also delivered an initiative to counter violence within families, in which forgivable loans were provided for emergency and interim accommodation for victims of family violence, with expenditures of \$7.2 million in Aboriginal communities.

41 The cost of maintenance and loan repayment for CMHC units is covered by three sources: rents paid by occupants based on their income; shelter allowances from DIAND for social assistance recipients; and the CMHC rental subsidy. A large majority of households in CMHC units on-reserve are dependent on social assistance. DIAND had also made commitments to pay shelter allowances for social assistance recipients living in housing projects that are privately financed without CMHC subsidies, but only when most of the cost of the project was met by charges to the occupants. However, DIAND is now making virtually no new commitments to pay shelter allowances as there is no guarantee it can meet these obligations under its present budget.

42 Approximately 32,000 households on-reserve receive social assistance (43 per cent of 74,000). Of these, about 10,000 are in CMHC-subsidized social housing (two-thirds of

15,000) and receive shelter allowances. The residual, 22,000 households, accounts for 29.7 per cent of the 74,000 households on-reserve.

43 Among other arguments made to defend this policy is the government's opposition to 'double dipping' into two types of DIAND subsidies, that is, for both construction and maintenance costs. However, the construction subsidies offered by DIAND do not cover the cost even of building an adequate dwelling for a low-income household, much less provide for maintenance and insurance costs. The full construction cost of an adequate dwelling on a typical reserve is between \$80,000 and \$90,000, with annual maintenance and insurance costs of around \$1,200 to \$1,500. Against this total, DIAND contributes from \$19,000 to \$46,000 (with an average of \$30,000) on a one-time basis. Moreover, there is no provision against such double-dipping for social housing elsewhere or for dwellings on reserves built with CMHC assistance, where many people on social assistance live.

It is also argued that people should be accountable for the funds they are given for rent. It may be that these funds are not being used for housing at all but for other purposes according to decisions made by the chief and council. This of course can be addressed by developing maintenance systems and keeping separate accounts.

44 This statement concerns only the cost of maintenance and insurance of dwellings. The average cost of maintaining a dwelling is \$1,000 per year, according to Statistics Canada figures, and a modest insurance package may cost \$300 per year. To pay the 22,000 households dependent on social assistance and not living in CMHC-subsidized homes a shelter allowance of \$1,000 would cost approximately \$40 million annually, or \$400 million over 1983 to 1992.

45 This estimate is based on evaluation research by Ekos Limited and is reported in DIAND, *Laying the Foundations* (cited in note 13), p. 6.

46 Housing corporations on reserves either did not actively seek or failed to obtain the benefits of greater social housing subsidies made available in 1986, when the overall design of CMHC's programs was modified. From 1979 to 1986, the aim of Canada's social housing policy was to foster an income mix in housing developments, and CMHC provided a subsidy related to the interest cost of financing projects. This policy continued to apply on reserves after 1986. The subsidy reduced the cost of financing eligible capital cost from market rates of interest to interest at two per cent. As the DIAND capital subsidy and a nominal value for land could be included in eligible capital, the actual loan amount taken out by bands was often much lower than the amount on which the subsidy was based. When interest rates declined, the CMHC subsidy dropped more sharply than the cost of loan servicing and operations related to social housing on reserves.

47 Bands take out loans in connection with CMHC projects and are responsible for meeting monthly debt payments. CMHC pays its subsidy to the band. If a band fails to meet its loan payments, the lender has the right to demand payment under the ministerial guarantee. DIAND will then pay the lender and recover funds from the band. CMHC may

withhold its subsidy if the band fails to meet terms of its agreements with CMHC and may also cease to undertake new housing projects with that band.

48 DIAND, *Laying the Foundations* (cited in note 13), p. 19.

49 Section 83(1)(a) of the *Indian Act* provides that the council of a band may, subject to the approval of the minister, make by-laws for “taxation of interests in land in the reserve of persons lawfully in possession thereof---”.

50 DIAND, *Laying the Foundation* (cited in note 13), p. 19.

51 Greater economic self-reliance will also generate extra government revenues that can help cover the cost of housing assistance programs. See Volume 5, Chapter 3 for further comments on the fiscal effects of greater economic self-reliance of Aboriginal people.

52 “Historic housing program a lesson for La Loche”, letter from Dennis Strom, *The Northerner*, La Ronge, Saskatchewan, 12 September 1995.

53 Habitat for Humanity is a non-profit, charitable organization that over the past 20 years has built and renovated homes for low-income families in need in more than 40 countries. The organization has been active in Canada for more than 10 years and has 46 affiliates. From its Canadian headquarters in Waterloo, Ontario, the organization assembles volunteers, uses many donated materials, and offers preferential loans to homeowners and prospective homeowners, who must contribute a substantial amount of time (500 hours) to building their own and other homes. In Volume 4, Chapter 4 we advocate the Habitat for Humanity approach as a way of bridging the wage and non-wage economies and empowering youth, who by volunteering labour can learn marketable skills and acquire credits that can be put toward home ownership.

54 Under the Australian community development program introduced in 1977, remote Aboriginal communities can initiate economic and social development projects that are funded in part by social assistance payments to members of the community. Social assistance recipients become employees of the community in these projects, which have to be approved by the Aboriginal and Torres Strait Islanders Commission.

55 It should be noted that this standard approach was criticized throughout the Commission’s hearings as being too inflexible in remote areas, where cash incomes are low and many people are engaged in traditional activities.

56 For instance, in *Laying the Foundations* (cited in note 13), DIAND raised the possibility that the government would make payments to match the equity contributions of home buyers.

57 Gesgapegiag (population, 400) is a Mi’kmaq community located in the Gaspé on the Baie des Chaleurs, 60 kilometres east of Restigouche.

58 Of the approximately 74,000 dwelling units counted in 1993-94, 6,000 needed to be replaced and 13,000 needed major repair, according to DIAND data. There was also a backlog of 11,000 people wanting their own homes. It is expected that 7,800 more units will have been built by the end of 1995-96, of which 1,800 will be financed with CMHC assistance. Over the same period, 1,500 units will be lost (one per cent of the stock per year). The net result is that the housing stock will have increased to just over 80,000 by the spring of 1997. Assuming that the need for replacement and major repair is proportional to the size of the stock and that the backlog will remain the same, by 1997 17,500 new units and major repairs to 14,000 units will be needed. These are current needs.

To assist in assessing future needs, the demographic projections prepared for RCAP foresee the on-reserve population aged 15 to 64 increasing from 184,100 to 245,900 by the year 2006. With 91,000 households in 1996 (80,000 dwelling units plus a backlog of 11,000 homes), 30,100 more units will have to be built over the 10 years from 1997 to 2006 if household formation keeps pace with the increase in the population aged 15 to 64. It is further assumed that one per cent of the stock will be lost or fall into disrepair every year for five years, after which regular maintenance programs, and in particular funding by DIAND of regular maintenance for social assistance recipients, will prevent homes being lost. We also assume that no further major renovations are necessary as a result of improved maintenance. Hence, future needs consist of 30,100 units to accommodate the growth in the number of households on reserves and 4,000 replacement units, for a total of 25,000.

Thus, over the period 1997-2006, the value of construction is 51,600 new units at \$90,000 each, for a total of \$4,644 million, plus major repairs at \$30,000 each to 14,000 units for \$420 million. Spread out over the ten years, the value of construction would be \$506 million per year.

It is worth noting that these estimates reflect a very high standard: a fully adequate housing stock in excellent condition. For instance, we assume that all major repairs and renovations required will be made by the year 2006. Compare this with the fact that in 1991 eight per cent of the Canadian housing stock was in need of major repair or renovation.

59 The government could make this contribution by maintaining the DIAND capital subsidy and adding CMHC-subsidized loan financing for the large majority of new homes built on-reserve. Alternatively, it could rely on loans to a greater extent and reduce the amortization period below the usual 25 years so that loans are repaid faster.

60 CMHC has supported First Nations communities and tribal councils in establishing a capacity to conduct Native Housing Inspection Services inspections on a fee-for-service basis.

61 This chapter is based on housing conditions and government policy as of mid-1995. On 25 July 1996, just before this report was printed, the government announced a new

approach for on-reserve housing that includes some of the directions we propose in this chapter and an increase in the budget for on-reserve housing of \$140 million over the next five years. The amount will be found through reallocations within existing DIAND and CMHC budgets.

62 On the whole, CMHC programs cannot be restricted according to the ethnic or racial origin of recipients. Accordingly, only the Urban Native Housing Program provides assistance exclusively to Aboriginal people. It is estimated that, between 1986 and 1993, 44 per cent of the funding in the Rural and Native Housing Program was directed to Aboriginal people, and for the Emergency Repair Program Aboriginal people received 51 per cent. Aboriginal people accounted for about seven per cent of the Residential Rehabilitation Assistance Program in rural areas.

63 Inuit Tapirisat of Canada, *Towards an Inuit Housing Policy*, paper prepared for CMHC (1994).

64 RCAP transcripts, Hay River, N.w.T., 17 June 1993.

65 See Tony Andersen, Chairman, Board of Directors, Torngat Regional Housing Association, RCAP transcripts, Nain, Newfoundland and Labrador, 30 November 1992.

66 RCAP transcripts, Charlottetown, Prince Edward Island, 5 May 1992.

67 Manitoba Metis Federation, "Submission to the Royal Commission on Aboriginal Peoples", Intervenor Participation Program report to RCAP (1992).

68 See presentation by the National Aboriginal Housing Committee, RCAP transcripts, Vancouver, British Columbia, 3 June 1993.

69 Statistics Canada, 1991 Aboriginal Peoples Survey, custom tabulations, 1994.

70 Obonsawin-Irwin Consulting, "Aboriginal Self-Determination" (cited in note 12).

71 MEWS Corporation (Stan Willox), "Case Study: Gabriel Housing Corporation" (cited in note 12).

72 The discussion on Aboriginal housing corporations draws from the research study prepared by Obonsawin-Irwin Consulting, "Aboriginal Self-Determination" (cited in note 12).

73 Peter Holland, DEL Support Centre, "Management Training Needs of Urban Native Housing Projects", research project prepared for CMHC (1988).

74 See for instance CMHC, *Strategic Plan, 1992-1996* (Ottawa: Canada Mortgage and Housing Corporation, 1991), p. 26.

75 There has never been a successful case under provincial human rights legislation of proven discrimination by a private landlord on the grounds of the applicant's poverty. Few cases have been brought to human rights tribunals on the basis of racial discrimination. The reality has been that, by the time lengthy inquiry and hearing processes are completed, the dwelling in question has long since been rented to another household. Evicting the new occupants would lead to further legal challenges if they are reliable tenants. Moreover, in the case of other forms of discrimination in housing æ such as not providing adequate services or living conditions æ recourse has rarely been sought by Aboriginal people, who have been too concerned about keeping the dwelling they have, regardless of its condition, or unaware of their rights as tenants.

76 According to the APS, of householders with at least one member identifying as an Aboriginal person, there were 199,400 households not living on reserves. Of the dwellings they occupied, 31,600 were in need of major repair, and 14,400 respondents indicated that there were people living in the dwellings who were on a waiting list for housing. As of 1996, these numbers are assumed to be 17.5 per cent larger, reflecting population growth and adjustment for the APS population for underreporting. This Aboriginal population is expected to grow by 26 per cent over the 10 years from 1996 to 2006, from a base of 251,300 units (234,300 units plus a backlog of 17,000). Thus, to accommodate household formation resulting from population growth, 64,800 units will be required. One-third of the new households are assumed to be in core need.

77 At a cost of \$90,000 per new dwelling and \$30,000 for a major repair, the total capital cost of 38,600 new units and 37,000 major repairs is \$4,584 million. It is assumed that rent or mortgage payments plus the cost of maintenance and insurance are one per cent of these capital values per month, and that construction takes place evenly over the 10 years. Note that the estimate of construction and repair needs includes only dwellings with major deficiencies and households that are in core need or do not have a home of their own. This narrow definition of needs warrants a high government share of cost. It is assumed that households will meet the cost of heating, electricity and utilities of new dwellings.

As mentioned earlier in the chapter, in the case of housing on reserves, these estimates reflect a high standard, one that exceeds the present quality of the Canadian housing stock as a whole. To realize the proposed program, governments will probably also have to provide more assistance to non-Aboriginal people in housing need. By contrast, part of the backlog in housing can possibly be met by renovating existing homes, at considerable savings.

78 See Informetrica, "Aboriginal Construction Sector Capability Study", final report prepared for DIAND (1995), note 3.

79 1991 Aboriginal Peoples Survey, custom tabulations; and Statistics Canada, "Occupation æ The Nation", catalogue no. 93-327.

80 Examples provided by the federal department of industry, drawn from a list of more than 300 projects funded by Aboriginal Business Canada since 1989.

81 See Informetrica, “Aboriginal Construction Sector Capability Study” (cited in note 78).

82 Cree Regional Economic Enterprises Company (CREECO), *Annual Report*, 1993-94.

83 André LeDressay, “A Brief Tax(on a me) of First Nations Taxation and Economic Development”, in *Sharing the Harvest: The Road to Self-Reliance*, Report of the National Round Table on Aboriginal Economic Development and Resources (Ottawa: RCAP, 1993), p. 215.

84 The caisse populaire at Kahnawake has involved members of the community as trustees who take over assets from the borrower in case of default. This model is now being applied at Akwesasne by the Bank of Montreal.

85 The story of the Oujé-Bougoumou is recounted in Volume 1, Chapter 11. This section is based on John Goddard, “In from the Cold”, *Canadian Geographic* 114/4 (July/August 1994), p. 39; and *On the Road to Self-Reliance: The Impact of Alternative Energy Technology on Community Development*, An Oujé-Bougoumou Community Report (1993).

86 Goddard, “In from the Cold”, p. 39.

87 Goddard, “In from the Cold”, p. 47.