

City of Whitehorse Housing Role Gap Analysis

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Introduction

A key theme among the public input received during development of the City of Whitehorse's 2013 Strategic Plan was the need for increased efforts by the City to help ensure that housing is attainable for Whitehorse residents. The need for attainable housing was expressed both in terms of quality of life (community stability) and economic development (the interaction between housing attainability and the supply of labour).

The housing field in Whitehorse is densely populated with stakeholders having a housing-related mandate. Seventeen government agencies and non-governmental organizations have been identified as having an interest in the supply and facilitation of housing at all stations on the attainable housing continuum, which includes non-market, near-market and market housing.

For the City of Whitehorse to play an effective role in ensuring that housing is attainable for Whitehorse residents, it must first develop an understanding of its current place in the housing field. This paper presents a gap analysis which illustrates the City's current place in the housing field and identifies whether a valid role exists for the City of Whitehorse to help ensure that housing is attainable for Whitehorse residents.

Statutory Authority Review

The powers of municipal governments are not outlined in Canada's constitution but are instead granted by provincial and territorial governments. For example, in Yukon, the roles and powers of the eight Yukon municipalities are outlined in a piece of territorial legislation – the *Municipal Act*. The preamble of the *Municipal Act* states:

WHEREAS this Act was developed in a spirit of partnership, mutual respect, and trust between the Government of the Yukon and the Association of Yukon Communities;

AND WHEREAS it is desirable to establish a framework for local government which provides for the development of safe, healthy, and orderly communities founded on the following principles:

That the Government of the Yukon recognizes municipalities as a responsible and accountable level of government;

That Yukon municipal governments are created by the Government of the Yukon and are responsible and accountable to the citizens they serve and to the Government of the Yukon;

That the primary responsibilities of Yukon municipal governments are services to property and good government to their residents and taxpayers;

The absence of a constitutional basis for municipal powers has resulted in varied approaches to the delineation of municipal roles and responsibilities in Canada. Authors C. Richard Tindal and Susan Nobes Tindal have described the different approaches to the delineation of municipal roles and responsibilities as ranging between "Home Rule" and "Dillon's Rule".

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Under the Home Rule, municipal governments may deliver any services to constituents that are not explicitly prohibited by provincial or territorial legislation. The table to the right shows counts of the words “house”, “housing” and “dwelling” in the Yukon’s *Municipal Act* (which runs to 190 pages in the bilingual version). Nil occurrences of all three housing related words suggest that an a “front and center” housing role is not precluded by the governing legislation for Yukon municipalities.

Word	Number of <i>Municipal Act</i> Occurrences
house	0
housing	0
dwelling	0

Figure 6.1 The Scope for Municipal Action



Reproduced from: Tindal, C.R. and Nobes Tindal, S. *Local Government in Canada* (seventh edition). 2009.

Under Dillon’s Rule, municipalities may only deliver services in areas where they have expressly been granted permission to do so by a provincial or territorial government. In other words, unless a service delivery area appears on a prescriptive “laundry list”, a municipality operating under Dillon’s Rule may not deliver services in that area. Noting again that the words “house”, “housing” and “dwelling” appear nowhere in the *Municipal Act*, it would appear that a “front and center” housing role is not intended by the governing legislation for Yukon municipalities.

So, with a “front and center” housing role for the City of Whitehorse neither precluded nor intended by the *Municipal Act*, it would appear that the rationale for a City of Whitehorse housing role high lies somewhere in the “mushy middle”. Indeed, the placing of a housing’s role in the “mushy middle” is confirmed by section 248 of the *Municipal Act*:

Providing municipal benefits and services

248(1) A municipality may, when it is in the public interest,

- (a) supply for public consumption; or,
- (b) provide for public benefit or convenience,

any service or product which the council considers is necessary or desirable for the residents of the municipality.

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Benefits Model of Local Government Finance

In the absence of a clear statutory basis for a City of Whitehorse housing role, an alternate approach is required to identify whether a valid housing role exists for the City of Whitehorse. In line with section 248 of the *Municipal Act*, a tool is needed to determine when the provision of a service or product is in the public interest. The benefits model of local government finance provides some guidance in this regard.¹

The primary tenet of the benefits model of local government finance is that a decision to deliver a particular service must be based on the strength of the connection between a) who benefits from a given service and b) who pays for that same service. For services that are private in nature, such as water delivery and garbage collection, the connection between who benefits and who pays is very clear – if you do not pay your utility bill you can be cut off from receiving water delivery and garbage collection.

For services that are more public in nature – such as fire protection or local parks – the strength of the connection between who benefits from a service and who pays for the service is not quite so strong. A homeowner may pay property taxes for decades and never have to call the fire department while a renter newly arrived in Whitehorse may need fire services within weeks of arriving. Similarly, individuals who reside outside Whitehorse city limits and do not pay property taxes to the City of Whitehorse are in no way constrained from taking part in activities at Rotary Peace Park. The benefit connection is still strong enough, however, that most Whitehorse residents are willing to pay for such services through property taxes as they reasonably expect they may (or may again) benefit from municipal services such as fire protection or local parks.

Some services supplied by governments, such as social assistance or old age security, are redistributive in nature. Redistributive services transfer income or wealth from one group of individuals to another group of individuals through some form of taxation. The transfer of income or wealth is carried out through an intermediary – a government department or agency. Because an intermediary is involved, the link between service benefits received and who pays for the service becomes weak or severed.

The benefits model of local government finance suggests that services for which the link between benefits received and who pays is weak or severed should be financed with revenue sources other than property tax or user fees. As stated in the Guide to Municipal Finance:

“Services that redistribute income should be paid for by senior levels of government because they have a wider range of taxes than local governments and they generally have taxes that are more closely related to ability to pay, such as income taxes.”²

Like all Yukon municipalities, the City of Whitehorse has been granted a very narrow range of revenue raising powers by the Yukon Government. Under sections 246 and 247 of the *Municipal Act*, the City of Whitehorse may raise revenues by levying property taxes and service charges as well as the imposition of business licenses and fees, inspection fees, parking fees, recreation fees, utility charges, fines, and penalties.

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In contrast, the Yukon Government enjoys revenue raising powers which allow it to levy a much broader array of taxes. Taxes currently collected by the Yukon Government include property tax, personal income tax, corporate income tax, fuel tax, liquor tax, cigarette tax and insurance tax.

So, from the perspective of the benefits model of public finance, the question is not whether the City of Whitehorse has the authority to deliver housing services but rather whether it has the fiscal means to finance the provision of services that are redistributive in nature. As the City of Whitehorse has been granted only a very narrow range of revenue raising powers, the benefits model indicates that the City Whitehorse should not be involved in the delivery of services which have a redistributive aspect.

At the same time, the City of Whitehorse clearly has a role to play in facilitating a high quality of life for its residents. Indeed, the City of Whitehorse’s strategic vision challenges the City of Whitehorse to “continue to strive for a better quality of life that is reflected in its vibrant economy and social life.”³ And the link between affordable housing and quality of life is clear:

Access to good quality affordable housing has community-wide benefits related to economic competitiveness, health, education, social inclusion and strengthened communities.⁴

Before considering how the City of Whitehorse can find balance between its fiscal circumstances and its vision for a better quality of life for Whitehorse residents, the next section of the paper presents an assessment of the current housing attainability situation in Whitehorse.

Housing Attainability Assessment

As illustrated below, the range of housing situations available to residents of a community can be described along a continuum with three “stations”: non-market housing, near-market housing and market housing.

Whitehorse Housing Continuum						
Non-Market Housing			Near-Market Housing (>30% of income)		Market Housing	
Emergency Shelters	Transitional Housing	Social Housing	Affordable Rental Housing	Affordable Home Ownership	Rental Housing	Home Ownership

The characteristics of each station in the Whitehorse context are described in the tables on the following three pages. The tables also include an assessment of current attainability, the organizations and agencies currently addressing different needs along the housing continuum in Whitehorse, the degree of income redistribution corresponding to the station and a suggested role for the City of Whitehorse.

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Station: Non-market housing	
Description:	Directly supplied by government agencies at zero or nominal cost to individuals receiving housing services. Types of non-market housing includes emergency shelters, transitional housing and social housing.
Whitehorse example(s):	<i>Emergency shelters:</i> Salvation Army, Kaushee’s Place, Youth beds at Sarah Steele Detox Facility <i>Transitional housing:</i> Betty’s Haven <i>Social housing:</i> Grey Mountain Housing Society; Whitehorse Housing Authority; Kwanlin Dun First Nation
Current state of attainability:	Data not available.
Current station participants:	Blood Ties Four Directions Canada Mortgage and Housing Corporation Council for Yukon First Nations Grey Mountain Housing Society Habitat for Humanity Yukon Yukon Health and Social Services Kwanlin Dun First Nation Northern Housing Coalition Options for Independence Salvation Army Ta’an Kwäch’än Council Whitehorse Housing Authority Whitehorse Yukon Safe Housing Society Yukon Anti-Poverty Coalition Yukon Housing Corporation
Degree of income redistribution required:	High - shelter options are supplied by governments or government agencies through direct intervention in the housing market.
Role for City of Whitehorse:	The direct supply of non-market housing requires the redistribution of income. As such, the role for the City of Whitehorse for non-market types of housing should be limited to “moral suasion” (i.e., the coercion of activity by existing stakeholders in directions not specified by existing statutes or policy).

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Station: Near-Market Housing (>30% of income)	
Description:	Housing units supplied by the private market to individuals and families spending more than 30% of their total income on rental and owner-occupied accommodation.
Whitehorse example(s):	<i>Rental units:</i> 30% of Whitehorse households live in rental accommodation. <i>Owner-occupied units:</i> 69% of Whitehorse households are home-owners. [Source: 2011 National Household Survey]
Current state of attainability:	<i>Rental units:</i> 41% of Whitehorse residents living in rental accommodation are spending 30% or more of total income on shelter costs. <i>Owner-occupied units:</i> 14% of Whitehorse homeowners are spending 30% or more of total income on shelter costs [Source: 2011 National Household Survey. Note: excludes households with zero or negative income]
Current station participants:	Canada Mortgage and Housing Corporation Energy Solutions Centre Private Rental Unit Owners Private Homeowners Yukon Housing Corporation
Degree of income redistribution required:	Moderate for rental – 59% of Whitehorse households living in rental accommodation are spending less than 30% of total income on shelter. Low for owner-occupied – 86% of Whitehorse households who own their homes are spending less than 30% of total income on shelter. [Source: 2011 National Household Survey. Note: excludes households with zero or negative income]
Role for City of Whitehorse:	As rents and home prices are determined in freely operating markets, only a limited role exists for the City of Whitehorse at the near-market station. Increasing household incomes so that fewer households need to spend more than 30% of total household income on shelter costs would involve a redistribution of income which is not within the fiscal means of the City of Whitehorse. The City's focus should be on measures that result in lower rental costs and reduce overall development costs.

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Station: Market Housing	
Description:	Housing units supplied by the private market to individuals and families spending less than 30% of their total income on rental and owner-occupied accommodation.
Whitehorse example(s):	<i>Rental units:</i> 30% of Whitehorse households live in rental accommodation. <i>Owner-occupied units:</i> 69% of Whitehorse households are home-owners. [Source: 2011 National Household Survey]
Current state of attainability:	<i>Rental units</i> – 59% of Whitehorse households living in rental accommodation are spending less than 30% of total income on shelter. <i>Owner-occupied units</i> – 86% of Whitehorse households who own their homes are spending less than 30% of total income on shelter. [Source: 2011 National Household Survey. Note: excludes households with zero or negative income]
Current station participants:	Canada Mortgage and Housing Corporation Energy Solutions Centre Private Rental Unit Owners Private Homeowners Yukon Housing Corporation
Degree of income redistribution required:	None – as noted in the Yukon Housing Corporation report <i>Comprehensive Review and Assessment of Housing Issues in the Yukon</i> (March 2013): “Overall, Whitehorse has a well functioning housing system and generally healthy market. The market has responded to demand for mid-market and multi-unit forms, which have helped to fill out the continuum of options, at least on the ownership part of the housing system. The one notable exception is that there has been a very low level of rental development and the fundamentals simply do not favour this sector.” [page 19]
Role for City of Whitehorse:	To maintain existing housing related-measures so that current percentages of renters and homeowners who are spending more than 30% of total income on shelter does not increase.

Alignment of Existing City Of Whitehorse Housing Measures

As noted in the *Housing: City Role Discussion Paper* prepared by the City of Whitehorse Planning Department in June 2013, the City already has a variety of housing measures in place. The measures include:

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Zoning Bylaw Rewrite (2012-20): introduced or expanded several measures which contribute to housing attainability:

- smaller lot sizes, increased site coverage and reduced setbacks;
- removal of story-based height restrictions;
- multiple housing (living suites and garden suites) and supportive housing permitted in more zones;
- hostels and boarding / rooming houses permitted in more zones;
- mixed use designations permitted throughout downtown commercial areas;
- reduction in regulatory restrictions on secondary suites; and,
- various accessibility initiatives.

Development Incentives Policy: provides financial incentives for projects that deliver rental units, supportive housing and mixed-use buildings.

Infill Development: infill development projects increase housing density in locations already serviced by basic public infrastructure and amenities and can have reduce overall development costs which can translate to increased affordability for land purchasers.

Partnerships: city staff are actively participating with a number of non-profit organizations focused on addressing housing issues in the community.

The integration of the current array of City of Whitehorse housing-related measures and initiatives with the three stations on the housing continuum is illustrated below:

Market Station	CoW Housing Role	Existing Housing Measure
Non-Market Housing	Moral suasion only.	<ul style="list-style-type: none"> - Supportive housing permitted in more zones. - Active participation with organizations and agencies working to solve Whitehorse housing issues.
Near-Market Housing	Implement non-redistributive measures that lower costs to supply rental accommodation and reduce overall housing development costs.	<ul style="list-style-type: none"> - Zoning bylaw changes: <ul style="list-style-type: none"> • smaller lot sizes, increased site coverage and reduced setbacks; • removal of story-based height restrictions; • multiple housing (living suites and garden suites) permitted in more zones; • hostels and boarding / rooming houses permitted in more zones; • mixed use designations permitted throughout downtown commercial areas; • reduction in regulatory restrictions on secondary suites; and, • various accessibility initiatives. - Development Incentives Policy - Infill development
Market Housing	Maintain existing housing related-measures.	<ul style="list-style-type: none"> - See lists above for non-market and near-market housing measures.

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Recommendation for a City of Whitehorse Housing Role

The City of Whitehorse definitely has a role to play in the housing field helping to ensure that housing is attainable for Whitehorse residents. However, Whitehorse is a small municipality situated in a remote northern location with a narrow range of revenue raising powers. As such, it must consider very carefully how to achieve its that part of its strategic vision which challenges the City of Whitehorse to “continue to strive for a better quality of life that is reflected in its vibrant economy and social life”.

On the basis of the gap analysis presented in this paper, the recommended housing role for the City of Whitehorse is:

Implement non-redistributive measures that have potential to lower costs to supply rental accommodation and reduce overall housing development costs with the objective of reducing the percentage of Whitehorse households spending more than 30% of their total income on rental and owner-occupied accommodation.

A Note on Redistributive vs. Non-Redistributive Expenditures

As the distinction between redistributive and non-redistributive expenditures is key to understanding the City of Whitehorse’s housing role, the table below provides some examples of each in a municipal context.

Redistributive Expenditures
Example: <i>Renovation Grants to Landlords</i> – measures that require the voting of municipal revenue to a specific expenditure purpose are by their nature redistributive since they take revenue raised for one purpose (e.g., shared civil infrastructure) and redirect it to individual entities.
Example: <i>Land Grants</i> – when land owned by a municipality is transferred to a third party, the municipality forgoes the sale proceeds it would have received had the land been sold on the open market. The foregone sale proceeds, owned in common by municipal residents, are redistributed to a discrete entity.
Non-Redistributive Expenditures
Example: <i>In-kind Staff Time</i> – staff time is essentially a fixed cost for a municipal government. As a result, the use of staff time to participate in community-based planning discussions does not represent a redistributive expenditure.
Example: <i>Foregoing Incremental Property Tax Revenue Increases</i> – a municipality could choose to encourage development of rental units by allowing secondary suites to be built on existing properties. If it also chose to forgo the additional property tax revenue associated with the new suite, the forgone tax revenue would not constitute a redistribution of income as the municipality had not yet been receiving the additional property tax revenue.

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Application of Recommended Role to Proposed Housing Measures

A series of approaches to attainable housing – an Attainable Housing Toolkit – are outlined in Appendix I of the Planning Department’s June 2013 *Housing: City Role Discussion Paper*. The table below lists the measures described in Appendix I and presents an assessment of whether the City of Whitehorse should pursue the measure according to the recommended City of Whitehorse housing role.

Appendix I Measure	Income non-redistributive?	Potential to reduce housing supply costs?	Pursue measure?
Density Bonusing	✓	✓	yes
Inclusionary Zoning	✓	✓	yes
Affordable Housing Agreements	✓	X	no
Land Grants	X	✓	no
Affordable Housing Fund	X	X	no
Secondary Suites	✓	✓	yes
Infill	✓	✓	yes
Fast Tracking Development Applications	✓	✓	yes
Waiving/Reducing Fees and Charges	✓	✓	yes
Resale Price Restrictions	X	✓	no
Renovation Grants to Landlords	X	✓	no
Conversion Control	X	✓	no
Demolition Controls	✓	✓	yes

On the basis of the assessment presented above, the City of Whitehorse should pursue the following housing measures which do not require the redistribution of income and which hold potential to reduce housing supply costs¹:

- Density Bonusing
- Inclusionary Zoning
- Secondary Suites
- Infill
- Fast Tracking Development Applications
- Waiving/Reducing Fees and Charges
- Demolition Controls

The City should also continue to use moral suasion through participation with organizations and agencies working to solve Whitehorse housing issues to attempt influence an increase in the supply of non-market housing.



¹ By implication, housing measures that do require the redistribution of income and should not be pursued by the City of Whitehorse include: Affordable Housing Agreements, Land Grants, Affordable Housing Fund, Resale Price Restrictions, Renovation Grants to Landlords and Conversion Control.

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References:

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- ¹ Adapted from Kitchen, H. *Municipal Revenues and Expenditures in Canada (Canadian Tax Paper No. 107)*. Canadian Tax Foundation. 2003. Page 46.
 - ² United Nations Human Settlements Programme. *Guide to Municipal Finance*. 2009. Page 19.
 - ³ City of Whitehorse. *Strategic Plan 2013*. 2013. Page 12.
 - ⁴ Ontario Ministry of Municipal Affairs and Housing. *Municipal Tools for Affordable Housing*. 2011. Page 4.