



18 February, 2016

The Honourable Wayne Easter, P.C. M.P.  
Chair of the Standing Committee on Finance  
House of Commons  
Ottawa, Ontario  
Canada K1A 0A6

**Dear Sir,**

**Re: Budget Submissions**

I am writing to provide you with some background on the current housing challenges faced by Indigenous Canadians and to introduce you to the work of the First Nations Market Housing Fund (the Fund). We believe, as part of a comprehensive strategy, that market-based housing can play a critical role in improving the lives of Indigenous Canadians.

As the Committee listens to Canadians and makes its recommendations for the 2016-17 Federal Budget, the Fund wishes to share with the Committee some of our key learnings from our partnerships with First Nations communities.

First Nation communities continue to lag behind the rest of Canada in health and most social and economic determinants. Better housing is essential in closing that gap, yet First Nation families face many barriers when it comes to fulfilling the dream of homeownership.

A home is where you raise your family and watch your children formulate and realize their dreams. A home is about opportunity and hope. For too many First Nations however, the concept of 'home' is clouded by issues pertaining to overcrowding, disrepair and safety matters like mould.

It's not surprising that Indigenous housing remains one of Canada's top policy challenges. The latest figures from Statistics Canada show just how large that gap really is. In 2011, 31 percent of on-reserve units were privately owned compared with 69 percent of non-aboriginal Canadians. The Assembly of First Nations estimates housing gap on reserve exceeds 85,000 units.

The challenge of increasing the supply of homes in First Nations communities involves much more than access to financing. Many communities have no or underdeveloped housing systems to allow for market housing and/or lack the governance structures that enable and sustain private ownership. For some First Nations communities, an inadequate building system prevents them from having quality homes built. Some have little familiarity with the concept of market housing and thus little understanding of how to make the dream of homeownership a reality.

## **About the Fund**

The First Nations Market Housing Fund was conceived to help overcome these barriers and ensure its vision *that every First Nation family has the opportunity to have a home on their own land, in a strong community* is a real possibility.

The Fund is a registered not-for-profit trust that was born out of what has become known as the Kelowna Accord. It was the one element of the Accord that the previous Government approved for First Nations housing. I had the honour to serve as the co-chair of the Housing and Infrastructure Roundtable created by Prime Minister Paul Martin and was later appointed to serve as Chair of the Fund when it was established.

The Fund was created on March 31, 2008 when the Government of Canada made a one-time contribution of \$300M to create a self-sustaining Indenture of Trust.

This one-time investment enables the Fund to provide credit enhancement in the form of a 10% backstop for housing loans guaranteed by a First Nation. This gives First Nations financial leverage to negotiate with lenders resulting in lower interest rates, reduced program access fees, risk sharing and administrative arrangements. The Fund helps First Nations access private financing for home loans on reserve, settlement lands or lands set aside at the best possible terms and conditions.

As many First Nations communities have little or no history of market based housing, the Fund takes a very comprehensive approach to working with partner First Nations. It is completely voluntary for First Nations to work with the Fund. Each First Nations applicant to the Fund is evaluated to determine if they qualify for both credit enhancement and capacity development or if they should just start with capacity development.

Creating a market housing system requires sustained effort and the on-going commitment by all partners. It can take between 3 to 4 years for a home to be built after a First Nations community completes its credit enhancement application.

After almost seven years of building relationships and forming partnerships with First Nations, the Fund has built a solid foundation and is gaining momentum. New homes are being built and leading indicators show many more are to come. For instance, the Fund has supported more than 900 capacity development initiatives undertaken by more than 98 First Nations.

Capacity development programs help First Nations develop policies, codes, and by-laws in a variety of areas including finance, governance, lands management and housing. The Fund also supports the professionalism of the First Nations workforce providing financial assistance for staff to obtain accounting designations and certifications in technical areas such as water and wastewater, gas and oil installation, lands and property management. The impact of this work helps develop and support governance and management of all facets of local First Nations government. The Fund is also involved in improving financial literacy – educating individuals on personal budgeting and credit and the financing of a home- with the goal that they are better equipped to make informed decisions.

## **Progress to Date**

Nearly one-third of all First Nations in Canada have recognized the Fund's value in their communities and have partnered with the Fund. These First Nations believe in giving their citizens the opportunity to own their own homes on reserve or settlement lands or lands set aside, to take advantage of the opportunity to create wealth and pursue self-sufficiency. Today, 202 Fund partners can be found across Canada in every region of the country; from the West Coast to the East, from Southern Ontario to the Yukon Territory. They include communities that have populations as low as a 100 and as large as 9,000. They are located in urban, rural and remote locations.

By the end of 2015 the Fund had approved \$836 million in potential Housing Loan Guarantee Credit for 90 First Nations. This \$836 million figure represents credit that individuals in First Nation communities can borrow against from financial institutions to build or buy homes, or to renovate existing homes to make them more comfortable. The Fund's partnership with 15 lenders ensures First Nations have many home loan options, providing them with both choice and competitive borrowing rates.

At 5550 potential home mortgages or renovation loans, these outcomes equate to three years of reported existing output from direct financing by the Government of Canada, through Indigenous and Northern Affairs Canada. This has been accomplished with the original \$300 million still held in trust and used as collateral to backstop mortgages.

As new homes are built by people living in the community, existing homes are becoming available for others - freeing up social housing units for those in greater need. In some other cases a new home for one family has meant reducing the number of people living under one roof – as family members move out of a home where they have been living with extended family, not by choice, into a home of their own.

Any approach to address the needs of Indigenous Canadians must recognize the uniqueness of community. We have worked with each community on its own timeline to provide the choice and flexibility that each one needs in order to address their housing challenges. Capacity Development is essential and success goes hand-in-hand with local governance, strengthened financial literacy and community development.

### **Final thoughts**

Meaningful change takes time. There are no easy solutions or quick fixes, but with hard work and sustained commitment we believe we can continue to make a positive difference. We are encouraged by the Government of Canada's undertakings to increase funding and opportunity for Indigenous communities, as this will only increase the demand and reinforce the long-term value of market based housing

We believe that the Fund is an important part of the mix of solutions necessary to provide homes, strengthen communities and empower Indigenous communities across Canada.

On behalf of the Trustees I would like to confirm that we believe that setting aside the \$300 million in a trust to be used as collateral security and generate income to fund capacity development is a proven concept that should remain intact or help meet the market housing needs of First Nations. We thank you for your attention to these important matter and your service to Canadians.

Yours truly,

John Beaucage  
Chair of the Trustees