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## TOWN OF WATSON LAKE MORTGAGE ACCESSIBILITY REPORT:

Barriers, Solutions, and Implementation Pathways for Increased Homeownership in Watson Lake.

### FINAL REPORT

**Prepared for:**

Mayor and Council, Town of Watson Lake

**Prepared by:**



**Date:**

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## Report Summary

Watson Lake faces significant and growing challenges in housing affordability and accessibility, with barriers to mortgage financing emerging as a major obstacle to homeownership. This report, developed by the Town of Watson Lake, provides a comprehensive overview of the factors preventing residents from securing mortgages and provides a set of strategic solutions aimed at enabling a more functional and inclusive housing system.

Despite having stable employment and desire to own homes, many Watson Lake residents are unable to qualify for mortgage financing due to multiple factors, such as: low regional incomes, rigid federal lending standards, conservative appraisals, and disconnects between national housing policies and rural realities. These challenges are exacerbated by aging housing stock, missing permits, limited access to local real estate professionals, and a lack of regional lending authority. These factors result in a constrained housing environment where properties are undervalued, transactions are delayed, and both buyers and sellers face unique and significant barriers participating in the formal market.

This report identifies four key barriers to mortgage access in Watson Lake:

- A misaligned mortgage and appraisal system;
- Low household income and mortgage qualification difficulties;
- Permitting and legal barriers; and
- Gaps in real estate and construction industry capacity;

To achieve real progress, the report outlines three interconnected pathways for consideration. First, it emphasizes the need for policy and system reform by lobbying financial institutions and government partners to modernize lending regulations, underwriting criteria, and appraisal practices that reflect the realities of rural northern communities. Second, it highlights the importance of local capacity building, particularly in strengthening Watson Lake's housing-related workforce. Finally, the report calls for a community-led approach to implementation with the Town of Watson Lake leading and coordinating the community's efforts. This report sets forth a potential framework for action by the Town of Watson Lake. The goal being that, over time, action will result in increased access to home financing and greater housing security and affordability.

## Limitations of the Report

While this report aims to provide a comprehensive overview of the barriers to mortgage accessibility in Watson Lake, several limitations should be acknowledged to ensure the findings are understood correctly.

First, the data available for key indicators such as mortgage rejection rates, detailed lending patterns, and the full scope of private real estate transactions in Watson Lake are limited or unavailable. In these areas, the analysis necessarily draws on indirect measures such as secondary sources and anecdotal information from stakeholders. As a result, some conclusions are based on reasonable but unverified assumptions intended to fill gaps where quantitative data could not be obtained.

Second, the available data cited in this report can lack the granularity needed to prove direct correlation/causation between specific factors and mortgage accessibility. In several instances, the report infers relationships between variables based on patterns observed in other jurisdictions, supported by local context. While these inferences are grounded in professional judgment and comparable cases, they should be interpreted with caution.

Finally, the reliability of certain datasets may be affected by factors such as incomplete permitting records, the high prevalence of private (unrecorded) sales in Watson Lake, and inconsistent reporting practices across institutions. These limitations can lead to underrepresentation or misinterpretation.

For these reasons, the findings in this report should be understood as a directional guide rather than a definitive statement of cause and effect. They are intended to highlight systemic issues, identify opportunities for reform, and support informed decision-making, while acknowledging that more rigorous, standardized, and locally specific data collection could strengthen this analysis.

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## 1. The Mortgage Eligibility “Problem”

This report seeks to answer a simple question: “*Is it harder for people in Watson Lake to access mortgages?*” Through interviews with a wide variety of stakeholders across the lending and mortgage spectrum, to anecdotal accounts of Watson Lakers trying to purchase homes, to quantitative and qualitative data points, this report seeks to answer this question and provide recommendations for action.

Across rural and northern Canada, housing challenges have become increasingly urgent and complex. Small communities like Watson Lake report facing a combination of aging infrastructure, limited housing supply, high construction costs, and barriers to accessing financing. Across the Yukon, many municipalities also struggle with land availability, slow permitting processes, and a lack of local professionals in the real estate, construction, and lending sectors. These structural challenges constrain not only housing development but also the broader economic development potential of rural communities.

The Town of Watson Lake is currently contending with a housing environment where affordability and accessibility are increasingly out of reach for many residents. Local concerns have focused specifically on the barriers that residents face in qualifying for mortgages and securing competitive lending rates. This has emerged as a major impediment to homeownership, limiting residents’ ability to build equity, invest in property improvements, or sometimes, enter the housing market at all. These barriers are not merely technical or financial, they reflect deeper systemic issues tied to income disparities, aging housing stock, market undervaluation, and institutional disconnects between national lending frameworks and local realities.

The economic landscape in Watson Lake plays a central role in these challenges. As of 2021, the median household income in the community was just \$78,500 while the median income for one-person households was just \$40,800<sup>1</sup>. These income levels limit the ability of many residents to meet mortgage qualification thresholds, especially under Canada’s federally mandated mortgage stress test which makes applicants qualify at an interest rate which is typically 2% higher than the approved rate. Although housing prices in Watson Lake are usually lower than in Whitehorse, local incomes can remain insufficient to close the gap.

The condition and age of the existing housing stock can also be a sticking point for lenders. About half of all homes in Watson Lake were built before 1980<sup>2</sup>, and almost one-quarter of households live in dwellings reported to be in need of major repairs, which is more than double the territorial average<sup>3</sup>. Much of the housing is designed for families, with three or four bedrooms, even though two-thirds of Watson Lake households consist of just one or two people<sup>4</sup>.

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<sup>1</sup><https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/ipp-ppa/details/page.cfm?AGE=1&DGUID=2021A00056001003&GENDER=1&HH=0&HP=0&Lang=E&RESIDENCE=1&SearchText=Watson+Lake&TABID=2&utm>

<sup>2</sup> Watson Lake 2020 Housing Needs Assessment

<sup>3</sup> <https://yukon.ca/sites/default/files/ybs/fin-housing-census-2021.pdf>

<sup>4</sup> Watson Lake 2020 Housing Needs Assessment

These local factors are compounded by potential systemic barriers in the broader housing and lending environments. For example, appraisal values in Watson Lake often fail to reflect the true cost of building or maintaining a home, with a big factor in appraisal value being the limited number of comparable sales in the community. This is problematic in a market where properties are frequently sold privately and where low transaction volumes can distort value assessments. Even when housing is otherwise adequate, issues like incomplete permitting histories or outdated infrastructure can trigger lender concerns and reduce appraisal values and borrowing potential.

### By the Numbers: Housing Condition, Availability, and Suitability in Watson Lake<sup>5</sup>

- As of 2021, 21.2% of homes in Watson Lake were reported to be in need of major repairs.
- Nearly half of the housing stock (47.4%) was built before 1980, and only 15.4% was constructed after 2001.
- Some of the available housing does not meet modern standards for appraisals or mortgage eligibility, often due to missing permits or aging infrastructure.
- 86.5% of housing units are single-detached homes, and only 11.3% of rental units are bachelor or one-bedroom units—despite the large number of single adults and one-person households.

### By the Numbers: Homeownership Rates and Shelter Costs

According to the 2021 Census, Watson Lake had 495 households, of which 53.5 % were owner households and 46.5 % were renters. Among owner households, about 41.5 % were carrying a mortgage. Nearly 9.6 % of owner households reported spending 30 % or more of their income on shelter, while 21.2 % of all households met the core housing need threshold.

### By the Numbers: Housing Accelerator and Public Investment

Watson Lake's inclusion in major funding initiatives offers some evidence of housing pressures in the community. For example, the Housing Accelerator Fund (HAF) allotted up to \$2.06 million to Watson Lake to fast-track housing development, with a plan to deliver approximately 42 permitted units in three years and roughly 105 homes over the next decade<sup>6</sup>. Supportive housing is also being prioritized with \$13 million being spent on the development of 10 units of supportive housing in Watson Lake.

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<sup>5</sup><https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/ipp-ppa/details/page.cfm?AGE=1&DGUID=2021A00056001003&GENDER=1&HH=0&P=0&Lang=E&RESIDENCE=1&SearchText=Watson+Lake&TABID=2&utm>

<sup>6</sup> <https://www.cmhc-schl.gc.ca/media-newsroom/news-releases/2024/helping-build-more-homes-faster-four-yukon-communities>

## Examining Key Issues

Below, this report outlines the key issues of: mortgage and appraisal systems, income and mortgage qualification, the local lending environment in Watson Lake, permitting, and local construction capacity. Each of these topics presents a unique challenge and plays a part in the overall situation of home ownership in Watson Lake. By analyzing these issues and creating a narrative, we can begin to understand the root causes of mortgage eligibility which Watson Lake is trying to address.

### 2. Key Issue - Mortgage and Appraisal Systems

Despite assertions from major financial institutions that lending criteria are applied consistently across Canada, there is some evidence that mortgage access in rural and northern communities like Watson Lake are constrained by systemic issues in both policy and practice<sup>7</sup>. These constraints are not because of overt discrimination or exclusion, but we theorize that it is because of institutions and systems that have been designed with urban markets in mind. As a result, even when applicants in Watson Lake meet general eligibility requirements, they may encounter challenges that are unique to their geographic and economic context for which they have no control over.

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<sup>7</sup>This article speaks about a disparity in rural/urban lending rates by Canada's big 5 banks:  
<https://www.theglobeandmail.com/investing/personal-finance/article-the-urban-rural-mortgage-divide-more-rural-first-time-home-buyers-are/>

## 2.1. Appraisal Processes

One of the most significant factors in a lender's decision to approve a mortgage is the appraisal of a home. For a mortgage to be approved, lenders always require a current appraisal of the property to ensure that its value supports the loan being issued against it. Community members in Watson Lake state appraisals frequently come in below the cost of construction or the perceived market value of the home. We know that MLS listings and MLS activity is a key component of this and there are so few real estate transactions in the community—particularly through MLS realtors—that appraisers often have limited comparable sales data to work from. Without a strong history of recent, similar transactions, valuations tend to be on the conservative side. Appraisers are also sometimes left to 'fill in the blanks', and while the Yukon land titles office records sales data, they do not capture other information lenders want to see like photos, home condition details, etc.

Adding to the complexity is the condition of local housing, as noted in the 2020 Watson Lake Housing Needs Assessment, nearly one-quarter of homes in Watson Lake are in need of major repairs, and much of the housing stock was built before modern building codes and standards were in place<sup>8</sup>. Lenders are required to follow CMHC policies for insured mortgages, which typically have requirements around structural soundness, building code, etc. For example, homes with outdated heating systems or older foundations, especially wood foundations, can be

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<sup>8</sup> Watson Lake 2020 Housing Needs Assessment

flagged during appraisals, which can reduce the valuation or trigger a need for expensive assessments. Even when homes are structurally sound, missing or incomplete documentation can affect mortgage approvals or delay closings.

While appraisers themselves are available in the Yukon (our interviews suggest the region is in fact well-served, we suggest a key issue lies in the alignment of their assessments with the expectations of southern-based underwriters. For example, the longstanding issue of a two-day funding delay due to land registry procedures in Yukon has repeatedly caused confusion among underwriters, which are used to Ontario-style same-day funding. Differences like these can create barriers to mortgage approval, not because of local lending staff, but because of somewhat inflexible corporate systems that are not adapted to Watson Lake's context.

## 2.2. Decision Making and Underwriting

Another concern heard is the lack of regional underwriting and lending authority. Mortgage applications, even when initiated through local banks, are escalated to centralized decision-making offices in southern Canada, usually Toronto. Underwriters may be unfamiliar with Yukon's legal and real estate frameworks which can result in delays, additional document requests, or even outright rejections of otherwise viable applications. Local bankers, lawyers, and appraisers state that they often find themselves in the position of needing to educate underwriters on Yukon-specific

conditions which is sometimes an unsuccessful process that creates frustration, delays and poses a potential barrier to lending.

## 2.3. Permits, Records and Appraisals

The issue of permitting is also particularly telling. While appraisers report that Yukon Government permits are typically available within a day and free of charge, realtors and legal professionals say that many properties (particularly older ones) can be missing critical permits altogether. This can trigger flags during the lending process, especially if the mortgage insurer or lender (e.g., CMHC or Bank) requires all work to be documented and approved. In some cases, updating permits or bringing properties into compliance can void previous 'grandfathered' exemptions, increasing the cost and regulatory burden on the homeowner.

### Section 2 Key Points

- Mortgage and appraisal systems are designed for urban markets, disadvantaging rural communities like Watson Lake.
- Appraisals often undervalue homes due to limited comparable sales and low MLS activity.
- High levels of private sales in Watson Lake can reduce market transparency.
- Aging housing stock and missing documentation can trigger conservative valuations or lender issues.
- Mortgage underwriting is centralized, sometimes outside the Yukon, where local legal and market realities are not fully understood.



### 3. Key Issue - Income and Mortgage Qualification

This report finds that there is a fairly significant disconnect between household incomes and the current financial thresholds required to actually qualify for a mortgage. While these pressures are felt nationally in the context of housing prices, inflation, tariffs, etc., the implications for a small, rural town like Watson Lake are further magnified by rigid federal lending standards that do not account for regional disparities in income, cost of living, or housing stock quality.

#### 3.1. A Misalignment Between Income and Housing Cost

In general terms, a household needs to demonstrate the capacity to service a mortgage without exceeding affordability ratios which is typically 32% of gross income toward housing costs and 40% toward total debt obligations<sup>9</sup>. This standard places a heavy burden on lower-income households, especially in markets like Watson Lake where incomes are well below national and territorial averages.

According to the 2021 Census Watson Lake Housing Needs Assessment, the median household income in the community was just \$78,500—approximately 80% of the Yukon median at the time. For one-person households, the income gap is even more pronounced, with a median of \$40,800. These figures represent not only a constraint on

purchasing power but are actually a systemic barrier for Watson Lake to mortgage qualification under federally regulated underwriting rules.

For example, to afford a mortgage on a modestly priced home of approximately \$350,000, an applicant would require a household income of at least \$75,000, assuming a standard down payment and no other significant debt. While this is technically within reach for the median two-person household, it is well beyond the capacity of one-person households.

#### 3.2. Mortgage Stress Test and Credit Requirements

The federal mortgage stress test adds to the difficulty of qualifying for a mortgage in Watson Lake. Under current rules, applicants must qualify for a mortgage at a higher qualifying rate than their contracted rate which is typically 2 percentage points above the actual rate offered by the bank<sup>10</sup>. In practice, this means that even if a household could technically afford monthly payments at the posted rate, they may be disqualified based on stress test criteria.

The effect of the stress test disadvantages lower-income communities. In Watson Lake, the stress test can act as an exclusion for otherwise stable, long-term residents whose income and employment profiles do not meet national, urban-centric risk criteria. For example, many Watson lake residents work in seasonal and resource-based, or have

<sup>9</sup><https://www.cmhc-schl.gc.ca/consumers/home-buying/mortgage-loan-insurance-for-consumers/what-are-the-general-requirements-to-qualify-for-homeowner-mortgage-loan-insurance>

<sup>10</sup> <https://itools-ioutils.fcac-acfc.gc.ca/mq-hq/MQ-EAPH-eng.aspx>

inconsistent employment which can further complicate the ability to pass these qualifying standards. Moreover, many Watson Lake residents may lack the credit score required to obtain mortgage financing. The national average credit score is around 672, while many lenders look for higher scores<sup>11</sup>.

### 3.3. Income Gaps Between Watson Lake and Whitehorse

When compared to Whitehorse, the economic gap becomes even more striking. According to updated income statistics cited in the 2021 Census, median household incomes in Whitehorse reach \$112,000, compared to just \$78,500 in Watson Lake. Even after tax, Whitehorse households retain significantly more disposable income at \$98,000 versus \$72,500<sup>12</sup>. This gap creates an uneven playing field when accessing homeownership across the territory, despite Watson Lake's significantly lower real estate prices. This disparity reinforces regional inequality, as residents in Whitehorse can build equity through homeownership while those in Watson Lake can't, which affects long-term wealth generation and economic development.

### 3.4. Construction Mortgages

It was reported by residents that construction mortgages can also be significantly harder to secure in Watson Lake. One reason for this may be that lenders prefer dealing with professional

builders who can provide documentation and adhere to national building codes. For individual residents hoping to build their own homes, or for small-scale contractors without a formal track record, the available loan-to-value ratios tend to be lower, often in the range of 70–80% of the appraised value. Adding to this problem, appraised values may still fall short of actual construction costs because of expensive material and labour prices in the region.

#### Section 3 Key Points

- Local incomes are considered low when compared to national mortgage qualification thresholds.
- Median household and single-person incomes in Watson Lake limit borrowing capacity, even for modest homes.
- Federal debt-service ratios and the mortgage stress test disproportionately affect lower-income households.
- Seasonal, contract, and resource-based employment is often penalized despite local stability.
- Credit score requirements further restrict access for residents with non-traditional credit histories.
- Construction mortgages are especially difficult due to low loan-to-value limits and appraisal gaps.

<sup>11</sup><https://www.springfinancial.ca/blog/credit-tips/average-credit-score-ranges-canada?>

<sup>12</sup><https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/ipp/ppa/details/page.cfm?age=1&dguid=2021a00056001003&gender=1&hh=0&hp=0&lang=e&residence=1&searchtext=watson+lake&tabid=2&utm>

## 4. Key Issue - Permitting and Legal Constraints

In addition to lending, financial, and economic challenges in Watson Lake, persistent barriers to homeownership and property investment also stem from the permitting and legal systems that govern land development and real estate transactions in Yukon. Structural issues like missing permits to misaligned legal frameworks (between Yukon and southern Canada), create uncertainty for buyers, lenders, and appraisers, ultimately undermining both housing market functionality and community growth.

### 4.1. The Problem of Missing and Incomplete Permits

One of the most pressing permitting issues in Watson Lake relates to older homes with incomplete or missing permit histories. According to both the Watson Lake Housing Needs Assessment and recent lender and appraiser interviews, many properties (particularly those built before the 90s) can sometimes lack full documentation for things like structural modifications, septic systems, heating upgrades, or additions. From a habitation perspective, these properties may be safe and functional, but the absence of proper permitting can present a problem during the appraisal and financing process. In some cases such as new construction, recent major renovations, or flagged appraisal issues, mortgage insurers and underwriters may require relevant permits to approve a loan. If permits are missing or unresolved, the appraisal may be downgraded, or the loan application may be denied entirely. While permit

history is generally not required for a traditional mortgage, this can put sellers at a disadvantage and may discourage buyers from pursuing a purchase. Appraisers have noted that while permit records are accessible through the Yukon Government, the process can require institutional knowledge of when and how permits were transferred between municipal and territorial systems. For example, Watson Lake's permitting system was once managed locally but was later absorbed into the Yukon Government.

### 4.2. Permitting as a Barrier to Maintenance and Renovation

The permitting system not only affects sales and mortgages, it also presents a barrier to property upkeep and improvement for Watson Lake's older housing stock. Property owners wishing to bring their homes up to current code or undertake renovations may find that obtaining modern permits invalidates previously "grandfathered" exemptions as the Canada Building Code updates. In some cases, initiating a permit process for one aspect of the home can trigger a full compliance review, leading to the cancellation of earlier allowances and potentially requiring costly retrofits.

This creates a disincentive for homeowners to invest in repairs or upgrades. Rather than risk triggering an avalanche of compliance requirements they cannot afford, many simply leave their homes as-is. Over time, this leads to a deterioration of the housing stock, which further suppresses appraisals and affects resale value. For landlords and developers, permitting uncertainties also impact financial viability.

The effect of this is that investors are often discouraged from participating in Watson Lake's housing market when facing higher construction costs and thin margins.

### 4.3. Local Legal Capacity

Permitting challenges are also compounded by disconnects between local practices and national financial systems. For example, Watson Lake, like other Yukon communities, is governed by a *Yukon Land Titles Act*<sup>13</sup> and a land title system where there is typically a two-day administrative delay for property transfers. While this policy is well understood locally, it can confuse southern-based underwriters who expect same-day closings. Real estate lawyers and agents working in Watson Lake also report a lack of capacity in the legal system (i.e., real estate lawyers) to support real estate transactions. There are only a handful of lawyers available to manage real estate closings in the region, and most are based in Whitehorse. In some cases, legal professionals are forced to take on more than their reasonable share of work simply to keep deals alive, a situation that is unsustainable over the long term.

### 4.4. Potential Impact on Market Confidence and Transparency

The effect of permitting and legal barriers leads to a perception of a lack of transparency, visibility and confidence of the local Watson Lake housing market. Uncertainty can perpetuate a culture of informal transactions and private sales because

it's simply easier for residents to do it that way. This potentially further reduces the visibility of the market and limits the availability of comparable sales data. As transparency declines, so does the ability of appraisers and financial institutions to fairly assess properties, which can result in a negative feedback loop of underinvestment and low valuations.

#### Section 4 Key Points

- Many homes have missing or incomplete permits, complicating appraisals and financing.
- Resolving permits can trigger costly compliance requirements, discouraging renovations and maintenance.
- Permitting uncertainty undermines homeowner investment and investor confidence.
- Yukon land title and transfer processes differ from southern norms, creating friction.
- Limited capacity of Yukon real estate lawyers causes transaction delays and increased deal risk.
- These factors reduce market transparency and reinforce reliance on informal, private sales.

<sup>13</sup><https://laws.yukon.ca/cms/images/LEGISLATION/PRINCIPAL/2015/2015-0010/2015-0010.pdf>

## 5. Key Issue - Industry Capacity Constraints

Beyond affordability and regulatory barriers, the health and functionality of a local housing market depends on the people and businesses that support it, such as realtors, appraisers, lawyers, contractors, service technicians, etc. In Watson Lake, the housing system does not have an adequate amount of this professional capacity. Human resource gaps not only delay projects and transactions but also raise costs, and undermine long-term housing development..

### 5.1. Underserved and Undervalued Real Estate Services

Watson Lake is widely regarded by locals as an underserved real estate market. While a few Whitehorse-based agents serve the area on occasion, with no sustained local presence of licensed realtors. This is due in large part to the historical model of real estate transactions in Watson Lake, where the combination of low home prices, and infrequent sales discourages agent participation.

This report finds that community culture around real estate transactions also plays a significant role. It has been reported that there have been instances of sellers engaging in real estate agents only to complete the final sale privately, bypassing commission payments. This practice has led to frustration among agents who feel their time and expertise are being exploited. As a result, most realtors willing to serve Watson Lake may only do so under certain conditions, such as contracts or minimum service fees. For many

prospective sellers, these terms are unappealing, which leads to even more private sales and further weakens the formal housing market.

This reliance on private transactions has broader implications. Without realtors actively listing and closing homes, there is less market data available for appraisers, lenders, and analysts. Comparable sales are harder to find, valuations become more conservative, and access to financing diminishes.

### 5.2. Appraisers Limited in Local Knowledge

Unlike other sectors, Yukon's appraisal industry is not experiencing a shortage of professionals on paper. Interviews with financial institutions and appraisers suggest that the territory is in fact overserved relative to demand, with both local and travelling appraisers available to meet lender requests. However, availability does not equate to local familiarity which is an important factor. Appraisers working in Watson Lake often do so on a one-off basis, travelling in from Whitehorse or even out-of-territory firms contracted by banks. These professionals may have limited knowledge of the community, its neighbourhoods, market dynamics, or infrastructure challenges. The cost of securing an appraisal in Watson Lake can also be higher due to travel time, accommodation, and reduced economies of scale. Appraisers may have to clear their schedule for an entire day to serve the community, passing those costs on to clients. While these logistical hurdles are not insurmountable, they reduce the competitiveness and responsiveness of the appraisal market.

### 5.3. Constrained Capacity of Contractors, Inspectors, and Trades

A healthy housing market depends on a reliable construction and maintenance workforce. Contractors and builders serving the region are few in number, with many focused on larger projects or contract work for the government. Small-scale residential construction, renovations, or repairs are often considered too low-margin or logistically challenging and are hard to come by. Tradespeople and technicians are similarly scarce. Many are booked weeks or months in advance, and some do not serve Watson Lake at all due to distance and travel costs. For homeowners attempting to complete work required for mortgage conditions or insurance approvals, the lack of available trades can result in financing delays or failed transactions. The inspection system, essential for code compliance and permitting, is likely understaffed as well. While the Yukon Government provides inspection services across the territory and there is an inspector based in Watson Lake, only one or two inspectors are responsible for large areas, and response times can be weeks or months. This delay in inspections often contributes to stalled projects, frustrated builders, and missed financing windows only adding to the perception that housing development in Watson Lake is overly complicated and risky.

#### Section 4 Key Points

- Watson Lake lacks sufficient local housing professionals, including realtors, appraisers, lawyers, and trades.
- Low transaction volumes and commission uncertainty can deter sustained realtor involvement.
- Limited local market knowledge among appraisers contributes to conservative valuations.
- Contractor, trades, and inspection capacity is constrained, causing delays and missed financing windows.
- Capacity gaps increase costs, slow development, and reinforce perceptions of housing market risk.

## 6. Opportunities and Solutions - A Collaborative Approach

While the challenges facing Watson Lake's housing market are significant, they can be addressed through a coordinated and collaborative approach. A number of viable opportunities exist to improve mortgage accessibility and expand pathways to homeownership. However, meaningful progress will require cooperation among many stakeholders, including all levels of government, financial institutions, industry professionals, Indigenous governments, and community members.

Watson Lake's housing system is deeply influenced by territorial and national frameworks. Issues related to lending, permitting, legal infrastructure, and industry capacity do not originate solely at the local level. They are shaped by systemic policies and systems that often overlook the realities of rural and northern communities. As a result, lasting solutions cannot be implemented by a single organization. Success will depend on partnerships that are responsive, collaborative, and community-led.

The Yukon Government has an essential role in aligning its permitting, legal, and regulatory processes with the needs of small and remote communities. At the federal level, institutions such as the Canada Mortgage and Housing Corporation (CMHC) can support reform by adapting underwriting standards, appraisal requirements, and mortgage insurance criteria to reflect the conditions of rural housing markets. Additionally, The Town of Watson Lake

can also play a leadership role by creating a supportive policy environment for housing, including updating zoning bylaws, identifying serviced land for residential development, investing in local infrastructure, and forming strategic partnerships. Private sector actors such as banks, credit unions, appraisers, real estate agents, builders, and legal professionals must also be engaged in the solution. Improved service delivery models, better integration with local processes, and more flexible lending products can help reduce costs and improve outcomes for buyers.

To be effective, housing solutions should reflect both short-term priorities and long-term system reform. This includes identifying practical actions that can be taken immediately, as well as advocating for broader reforms like changes to national mortgage insurance standards or rural appraisal policies. It is also important to see housing as a cross-cutting issue that affects economic development, population growth, workforce retention, and community health. When housing is understood as a foundational driver of community wellbeing, it becomes easier to align resources and policy tools toward shared goals.

The following sections of the report will outline specific solutions in key categories. These include mortgage lending reform, industry capacity building, policy modernization, and community-led housing initiatives.



## 7. Mortgage Lending Policy Reform

Improving mortgage access in Watson Lake will require targeted reforms and innovative approaches within the current lending system. Many of the barriers to homeownership in the community stem not from a lack of interest or financial responsibility among residents, but from rigid, urban-centric lending models that are poorly suited to small, remote markets like Watson Lake. To close this gap, financial institutions, mortgage insurers, and public agencies will have to be willing to create more flexible, regionally responsive financing options that better reflect the realities of rural northern communities like Watson Lake.

### 7.1. Regional Lending Criteria Adjustments

One of the most immediate opportunities is for financial institutions and mortgage insurers to adjust their underwriting criteria for rural and remote markets. This could involve updating risk models for communities like Watson Lake that account for regional income patterns, lower housing prices, and the scarcity of comparable sales data. Many Watson Lake residents earn a living through self-employment (i.e., non T4-based), seasonal work, or contract-based jobs in the forestry, mining, or service sectors. While these forms of employment are common and often stable within the local context, they are frequently viewed as less secure by underwriters using standard income verification methods. Allowing for more flexible

documentation of income such as multiple-year income averaging, local employer confirmation letters, or alternative forms of credit history (e.g., rental payment history) would improve access for many otherwise creditworthy applicants.

### 7.2. Rural-Focused Mortgage Products

Another potential solution is the development of mortgage products specifically designed for rural and northern markets. These products could include higher loan-to-value ratios, lower minimum down payments, or flexible draw schedules for self-builds and renovations. For example, lenders could offer mortgage options tailored for small communities, which would allow a single application and underwriting process for both the construction phase and long-term mortgage, reducing complexity and risk for borrowers and lenders alike. Government-backed programs could also play a role. Expanding access to insured mortgages for homes requiring renovation, or providing top-up financing for properties with appraisal gaps, would help make more of Watson Lake's aging housing stock mortgage-eligible. Such programs already exist in other parts of Canada and could be adapted for use in the Yukon (see [BC Housing Model](#)).



### 7.3. Mortgage Lending Reforms and Innovations Implementation Ideas

Opportunity	Outcome	Stakeholders	Implementation	Comments
<b>Adjust Regional Lending Criteria</b>	Yukon / rural specific underwriting guidelines and appraisal models to reflect rural realities	CMHC, Mortgage Insurers, Banks, Appraisers	Develop a policy position on this issue that encourages use of multi-year income averages, flexible comparables, and contextual knowledge in appraisals	The Town of Watson Lake could engage with territorial partners like Association of Yukon Communities and Yukon Government to begin advocacy on this issue.
<b>Rural-Focused Mortgage Products</b>	Lending products suited to rural housing, including construction-to-permanent options	Banks, Credit Unions, Yukon Housing Corporation, CMHC	Advocate for the development of lending products with a rural focus may require loan guarantees or risk-sharing from government	Step 1 would require that CMHC, banks and other stakeholders agree that there is an issue ( <i>*this hasn't happened yet</i> ). Step 2 would be to see if the federal government will be willing to engage northerners on this issue.
<b>Advocacy for Systemic Reform</b>	Collaborate with other northern communities to advocate for rural-inclusive national lending reforms	Town of Watson Lake, AYC, First Nations, Yukon Government	Leverage existing housing strategy platforms and intergovernmental forums	We have heard that this is not only a problem for Watson Lake, but for many other rural communities in Yukon. This type of system change will require strong, collective advocacy.

## 8. Municipal and Intergovernmental Policy Solutions

While many systemic housing challenges stem from national frameworks, there are also meaningful opportunities for the Town of Watson Lake and the Government of Yukon to lead change through strategic policy and regulatory reform. Local and territorial governments have jurisdiction over things like land use, permitting, infrastructure, and some housing programs, all of which play a direct role in shaping the accessibility, affordability, and functionality of the housing market.

### 8.1. Municipal Land Use and Zoning Updates

The Town of Watson Lake should continue the work that has begun under the Housing Accelerator Program and aggressively review its zoning bylaw to promote a wider range of housing forms and reduce barriers to infill, subdivision, and accessory dwelling unit development. Zoning flexibility can allow for duplexes, fourplexes, tiny homes, and garden suites. All forms of housing that are more affordable to build and needed based on the Housing Needs Assessment. Additionally, a proactive land use strategy that identifies publicly owned or serviced land suitable for residential development could help unlock shovel-ready projects. Clear site selection, servicing assessments, and development incentives can reduce uncertainty for developers and speed up housing delivery.

### 8.2. Streamlining and Supporting Permitting

During interviews, municipal and territorial permitting processes are often cited as sources of delay or confusion for builders, buyers, and lenders. In Watson Lake, many homes lack complete permit documentation due to legacy systems, inconsistent recordkeeping, or a lack of awareness about what permits are required. Additionally, permit issuance timelines should be an area for further advocacy with reports of permits in Watson Lake sometimes taking weeks and months to issue. A straightforward and streamlined permitting system will alleviate the bottleneck during the pre-construction phase.

### 8.3. Intergovernmental Collaboration and Planning

Housing solutions in Watson Lake will be most effective when they are developed collaboratively with the Liard First Nation and other regional stakeholders. The Town and Yukon Government can formalize intergovernmental forums focused on housing planning, land access, infrastructure sharing, and policy co-development. Collaborative planning can ensure that resources are maximized, jurisdictional gaps are bridged, and all community voices are included in shaping the future of housing in the region.

## 8.4. Municipal and Intergovernmental Policy Solutions Implementation Ideas

Opportunity	Outcome	Stakeholders	Implementation	Comments
<b>Zoning Bylaw Updates</b>	A wider range of housing forms and infill options at a variety of price points	Town of Watson Lake	Zoning flexibility for duplexes, fourplexes, ADUs, and smaller-lot developments	This work has already begun. Continue to allow for a variety of housing to promote affordability. Affordable housing options may qualify residents for mortgages on lower value loans.
<b>Permitting Systems Improvement</b>	Improved public access to permitting data	Town of Watson Lake, Yukon Government	Plain language guides and pursue digital modernization of records	Advocate to YG for better access to permitting data and guides on how to access information.
<b>Infrastructure Investment</b>	Upgrade water, sewer and roads to support new housing	Town of Watson Lake, Yukon Government	Align investment with priority growth areas and grant opportunities	This is captured in Council's strategic plan and is a core function of the municipal government. It is worth noting because it is a key enabler of housing supply.
<b>Intergovernmental Housing Planning</b>	Collaborate with Liard First Nation on shared housing goals and land access	Town of Watson Lake, Liard First Nation, YG	Formal coordination structures to support shared infrastructure and housing strategies	Local co-operation around advocacy and implementation is key. Recognition is given to the fact that intergovernmental priorities do not always align, but it is nevertheless important.

## 9. Industry Capacity Building and Workforce

The long-term success of housing solutions in Watson Lake depends not only on policy reform and financing models, but also on the strength of the local housing industry. Yet in Watson Lake, the industry remains constrained by limited local capacity, thin labour markets, and a lack of formal support systems. Building this capacity is an important step toward achieving the community's housing goals. Without a skilled, available workforce and a reliable network of professionals, efforts to develop new housing or rehabilitate existing stock will continue to face delays, cost overruns, and missed opportunities.

### 9.1. Local Management of Infrastructure Projects

To support long-term capacity development in the housing and construction sector, the Town of Watson Lake could manage its own infrastructure and servicing projects. Rather than relying on centrally managed territorial contracts, this model would empower the municipality to oversee project delivery, manage budgets, and issue tenders locally. Importantly, The Town can ensure that infrastructure projects align closely with housing and land development goals.

### 9.2. Real Estate and Legal Professionals

The real estate transaction process suffers from limited access to professionals. Watson Lake does not currently have a resident real estate agent or property appraiser, and relies heavily on professionals from Whitehorse. This increases costs and delays and contributes to the lack of consistent housing market data available for listings and appraisals. Similarly, access to legal professionals is a barrier. Real estate closings often require legal review, title verification, and mortgage documentation. With few lawyers operating in the region, buyers and sellers face bottlenecks that can delay or jeopardize transactions. Watson Lake could evaluate solutions like: incentives for real estate agents and appraisers to serve the Watson Lake market regularly; creation of a shared regional service model through AYC where professionals support multiple communities; and territorial support for expanding remote legal and notary services virtually.

### 9.3. Encourage of the Development of a Local Trades Program

Beyond training and recruitment, there is also an opportunity to support the development of a more organized local housing sector. There is already interest and inertia to get a local trades program in place in partnership with Yukon University and Yukon Government. This is a promising development which the Town can fully support.

## 9.4. Industry Capacity Building and Workforce Implementation Ideas

Opportunity	Outcome	Stakeholders	Implementation	Comments
<b>Municipal Management of Infrastructure</b>	Town-managed infrastructure projects through transfer agreements	Town of Watson Lake, Yukon Government	Builds local project delivery capacity and supports local procurement and employment	The Town has been reluctant to go down this road in the past, but it is something that the organization can work toward over time.
<b>Real Estate and Appraisal Access</b>	Improved availability of real estate agents and appraisers in the region	Yukon Government, Industry Associations	Could include travel subsidies, remote services, or shared regional service agreements	This is one area that the Town can take action using its current housing accelerator funds. The Town can subsidize real estate services for the community on a trial basis.
<b>Local Trades Program</b>	Establishment of a local trades program that outputs qualified building professionals	Town of Watson Lake, Yukon University, community members.	In addition to training building professionals, it could serve as a platform for training, coordination, and advocacy	This is a part of the Council's strategic plan. There is already local interest and inertia. Continue to partner and provide resources, where possible.

## 10. Conclusions

Access to homeownership in Watson Lake can be viewed as impaired and disadvantaged by meaningful financial, regulatory, and capacity-related barriers. These challenges have created barriers in which even modest homes in Watson Lake are difficult to finance or develop. Importantly, these issues are not due to a lack of interest or effort from residents, but rather the result of financing and regulatory frameworks designed without fully considering rural and northern communities' unique context..

Despite these obstacles, Watson Lake is well-positioned to lead in the development of innovative, community-led housing solutions. The town has demonstrated a strong commitment to understanding and addressing its housing challenges, has secured initial investments through programs like the Housing Accelerator Fund, and is actively engaging territorial, federal and Indigenous partners. With the right support, Watson Lake can unlock new housing opportunities, expand mortgage access, and restore confidence in the local housing market.

To move from planning to implementation, a clear and coordinated action strategy is essential. The recommendations in this report span multiple jurisdictions and sectors, but they can be grouped into three overarching implementation pathways:

**Policy and System Reform:** In collaboration with the Yukon Government, Association of Yukon Communities (AYC), and Indigenous governments, advocate for targeted policy reforms that reflect the unique needs of small northern communities.

**Local Capacity Building:** Improve the local housing system by developing the human and institutional capacity needed to support development and transactions. Key steps include:

**Community-Led Implementation and Collaboration:** Lead through inclusive, community-focused action.

Together, these implementation pathways offer a response to Watson Lake's housing challenges. While no single initiative will resolve the housing situation, a multi-stakeholder and phased approach can drive real, measurable progress. This report can provide the foundation for that effort, supporting informed decision-making, strategic investment, and continued collaboration toward an accessible and sustainable housing system for all Watson Lake residents.