

# NWTHC ANNUAL REPORT 2016–2017



NORTHWEST TERRITORIES  
HOUSING CORPORATION



*Northwest Territories  
Housing Corporation  
Annual Report 2016-2017*



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# MESSAGE FROM THE MINISTER

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As Minister Responsible for the Northwest Territories Housing Corporation (NWTHC), it is my pleasure to present the NWTHC 2016-2017 Annual Report.

During the past year the NWTHC has taken steps to renew and revitalize its strategic actions. Among these steps was a comprehensive survey, called the Housing Engagement Survey. This survey will give the NWTHC invaluable input from stakeholders and residents and help guide the renewal of a wide variety of NWTHC programs and services.

All of the input that the NWTHC receives from this survey will be used to work towards a future with adequate, affordable, and suitable housing for all residents of the NWT. The goals and priorities of this public engagement process align with the goals and priorities of the 18th Legislative Assembly in terms of securing a better future for affordable housing in the NWT.



This survey could not have been successfully administered without the help of our partners in Local Housing Organizations and, in smaller communities, Government Services Officers.

Partnership and collaboration are also keys to addressing the critical issue of homelessness in our communities. The NWTHC has been working collaboratively with other Government of the Northwest Territories departments, other orders of government, Indigenous groups, and non-governmental organizations to better integrate and coordinate policies and services related to homelessness. Only through continued partnership will we be able to effectively provide the services and supports that individuals experiencing homelessness need.

Just as in years past, declining federal funding continues to present a significant challenge to the NWTHC. However, we will continue to strive for locally appropriate, innovative, and efficient housing and homelessness solutions for all communities in the NWT.

The Honourable Caroline Cochrane  
Minister Responsible for the Northwest Territories Housing Corporation





# MESSAGE FROM THE PRESIDENT AND CEO

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In 2016-2017, the NWT HC continued to work towards its goal of ensuring people all across the NWT have a safe and secure place to call home. The steps the NWT HC is taking to reach this goal are guided by the mandate of the 18th Legislative Assembly and by the Strategic Renewal currently underway within the Corporation.

The NWT HC has recently completed the Housing Engagement Survey with responses from people in every community in the NWT. A total of 1,464 surveys were completed, or approximately 1 out every 10 households in the NWT which represent a very successful engagement with people and communities. The responses will help the NWT HC focus its investments in the short-term, which is especially important in these challenging fiscal times, but also in the long-term as we strive toward the vision of affordable, adequate and suitable housing for all NWT residents.



In 2016-2017, the NWT HC expended over \$95 million on housing in the NWT HC. This included the construction of 62 Market Housing units and 128 Public Housing replacements. In addition, 184 major modernizations and improvement projects were undertaken. Our Small Community Homelessness Fund and Shelter Enhancement Fund were fully subscribed, with 14 and 7 successful projects respectively. Further, the NWT HC was able to provide critical assistance through the Homelessness Assistance Fund for 66 individuals and families that were in immediate risk of losing stable housing.

Furthermore, the NWT HC continues to work with its partners in all orders of government and in other jurisdictions to address ongoing funding issues. The NWT HC will continue to work with other stakeholders towards the goal of establishing long-term, predictable funding that will allow us to better serve the people of the NWT. Despite continually declining federal funding, the NWT HC will continue to work diligently to make sure that everyone in the NWT has a secure and affordable home.

Recognizing that trust and credibility are foremost considerations in our interaction with residents, the NWT HC took the first steps in a culture change of improved service by having the senior management team trained in quality customer service. Going forward, all frontline NWT HC staff and LHO staff will receive similar training. The NWT HC will continue to work with the federal government towards the goal of establishing long-term, predictable funding that will allow us to better serve the people of the NWT.

Finally, I would like to take this opportunity to thank all the NWT HC staff, LHO staff, community partners, and actively involved residents that make NWT HC's work possible, especially in relation to the delivery of the Housing Engagement Survey. Once the outcomes from this survey are finalized, they will play an essential role in determining the path the NWT HC will follow in the years to come.

Mr. Tom R. Williams  
President and CEO  
Northwest Territories Housing Corporation



# CORPORATE PROFILE

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## Mission Statement

The Northwest Territories Housing Corporation (NWTHC) works in partnership with residents, where appropriate and necessary, to ensure access to affordable, adequate and suitable housing.

## Goals:

- Ensure a sufficient supply of adequate, suitable and affordable housing to address the housing needs of NWT residents.
- Promote personal responsibility and accountability for housing.
- Provide homeownership and rental programs and services that are effective and appropriate.
- Help address homelessness through supporting the infrastructure needs of emergency shelters and transitional housing.
- Acquire housing in an effective and efficient manner for program delivery through appropriate designs, land planning and acquisition, and appropriate construction standards.
- Enhance the long term sustainability of NWTHC housing assets through on-going maintenance and repairs and implementing energy efficiency technologies.

# CORPORATE STRUCTURE

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## Corporate Summary

The NWTHC provides social and market housing programs and services including subsidized rental and homeownership programs (including purchase and repairs), and unsubsidized rental housing in rural and remote communities. Policy and program development play a key role in creating appropriate programs to address the core housing need of NWT residents and promote self-reliance. The NWTHC incorporates energy-efficient technologies in its housing design and in the retrofitting of housing to improve its sustainability and energy efficiency. The NWTHC also works in partnership with the Canada Mortgage and Housing Corporation to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations, and municipal and Aboriginal governments, to manage and administer community housing services in 33 communities.

## Branches

**The Executive**, comprised of the President's Office and the Strategic Planning, Policy and Communications Division manages the implementation of the Government's direction related to housing.

**The President's Office**—The President's Office is responsible for supporting the Minister Responsible for the NWTHC, providing overall strategic and operational direction, leading the senior management team and managing the human and financial resources of the NWTHC.

# CORPORATE STRUCTURE

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**Strategic Planning, Policy and Communications** - The Strategic Planning, Policy and Communications Section provides support with regard to long-term strategic direction and planning for the NWTHC. This Section is also responsible for strategic and business planning, policy development, qualitative and quantitative research, corporate communications and homelessness initiatives. This section represents the NWTHC on a Federal/Provincial/Territorial level, on interdepartmental working groups, and on other committees.

**Finance and Infrastructure Services** – The Finance and Infrastructure Services Branch is comprised of the Finance and Administration Division, Financial Planning Section, Information Services Section, the Infrastructures Services Division and the Occupational Health and Safety (OH&S) Section.

**Finance and Administration** - The Finance and Administration Division is responsible for the overall financial affairs of the NWTHC. This includes the provision of accounting and advisory services, reporting and monitoring, treasury services, mortgage administration and the management of own source revenues and federal funding. The Financial Planning Section leads the development of the infrastructure, revenues and operating budgets for the NWTHC, including the annual business plan and main estimates, and on-going variance analysis and reporting.

**Information Services** - The Information Services Section utilizes the latest in information management tools and methodologies to support the business processes of the Corporation and its community partners. This section develops NWTHC-specific information tools as well as system training, critical to the delivery of housing programs and services.

**Infrastructure Services** - The Infrastructure Services Division is responsible for planning, designing and coordinating the delivery of the NWTHC's capital infrastructure projects, advising on and supporting homeownership project delivery, securing suitable land for the delivery of housing programs and services and the overall maintenance management of the NWTHC's housing portfolio.

**Occupational Health and Safety** - The Occupational Health and Safety Section is responsible for the Corporate wide delivery and on-going modernization of the NWTHC's Occupational Health and Safety Program working closely with headquarters, all District Offices and Local Housing Organizations.



# CORPORATE STRUCTURE

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**Programs and District Operations** - The Programs and District Operations Branch provides corporate support and oversight to the NWTHC's five District Offices in the delivery of programs and services to the residents of the NWT. This includes the development, implementation, training, monitoring, and delivery of programs and initiatives that support the NWTHC's response to housing needs in the NWT, and to ensure a continuity of approach to program delivery and implementation.

**The Programs Development and Implementation Section** - The Program Development and Implementation Section works closely with District Offices and Local Housing Organizations (LHOs) to ensure compliance with existing program policies and procedures. This Section also develops and updates ongoing operational policies and procedures to ensure housing programs remain updated and responsive, and to ensure that District Offices and LHOs have the support, training and capacity required to effectively and efficiently deliver the NWTHC's programs and services.

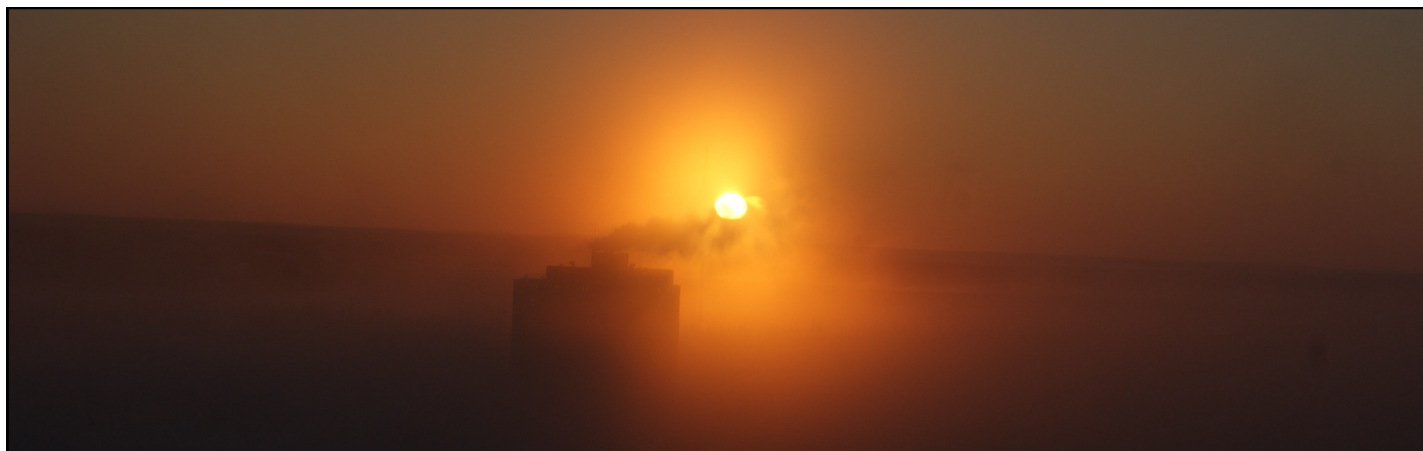
**The District Operations** - District Offices are responsible for the administration of district capital and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, training, and work closely with stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options for programming to assist individuals and families in decision making regarding their housing needs. This assistance includes the delivery of the Corporation's Providing Assistance for Territorial Homeownership (PATH), Contributing Assistance for Repairs and Enhancements (CARE), Contributing Assistance for Repairs and Enhancements Preventive Maintenance (CARE PM), Contributing Assistance for Repairs and Enhancements Mobility for Seniors (CARE Mobility) and Securing Assistance for Emergencies (SAFE) homeownership programs.

**North Slave District Office:**

This District Office supports the communities of: Behchoko, Detah/N'dilo, Gamèti, Lutselk'e, Wekweètì, Whatì and Yellowknife.

**South Slave District Office:**

This District Office supports the communities of: Enterprise, Hay River, K'atl'odeeche First Nation, Kakisa, Fort Providence, Fort Resolution and Fort Smith.



# CORPORATE STRUCTURE

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## **Nahendeh District Office:**

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Sambaa K'e and Wrigley.

## **Sahtu District Office:**

This District Office supports the communities of: Colville Lake, Deline, Fort Good Hope, Norman Wells and Tulita.

## **Beaufort-Delta District Office:**

This District Office supports the communities of: Aklavik, Fort McPherson, Inuvik, Paulatuk, Sachs Harbour, Tsiigehtchic, Tuktoyaktuk and Ulukhaktok.

**Local Housing Organizations (LHOs)** – The NWTHC, in partnership with 23 LHOs, and community organizations, administers approximately 2,400 social housing units in 33 communities across the NWT. The LHOs, under agreement with the NWTHC, provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services. LHOs have an advisory board that oversees its operations. The NWTHC's district offices are responsible for these operations in communities where an LHO has not been established.

LHOs, operating as agents of the NWTHC, are responsible for the administration of Public, Homeownership Entry Level Program (HELP) and Market housing rental units in the majority of communities across the NWT. Public housing units were developed under the Social Housing Agreement between the NWTHC and the Canada Mortgage and Housing Corporation. The Public Housing Program is a rental program designed for individuals and families who do not have the financial resources to access shelter on their own. Affordable housing includes both our leased subsidized HELP units, and our unsubsidized Market Housing units that are used to house critical staff in NWT communities.

**The following is a list of all LHOs:**

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Ko Gha K'òodèè	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe Housing Association
Fort Providence Housing Association	Sachs Harbour Housing Association
Fort Resolution Housing Authority	Tsiigehtchic Housing Association
Fort Simpson Housing Authority	Tuktoyaktuk Housing Association
Fort Smith Housing Authority	Tulita Housing Association
Gameti Housing Authority	Ulukhaktok Housing Association
Hamlet of Fort Liard	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

# NWTHC PROGRAMS

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The NWTHC's programs are essential pieces in supporting the GNWT's efforts to improve the quality of life for its residents. Our programs and services facilitate access to housing that NWT residents can afford, that meets suitability standards, and is adequate to meet residents' needs. In addition, our programs and services should provide easy access for people and promote greater personal responsibility for housing through community-based training and support.

## Public Housing

The Public Housing Program provides income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to its community partners who deliver the program on behalf of the NWTHC. The NWTHC utilizes management/services agreements with LHOs or community services organizations to manage its affordable housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community organizations, located in 33 communities throughout the NWT.

## HELP and Market Housing

The NWTHC provides affordable housing through the delivery of the Homeownership Entry Level Program (HELP) and the Market Housing Program throughout the NWT. In 2016-2017, the NWTHC had approximately 222 units in the HELP program and approximately 171 units in the Market Housing Program.

The HELP Program assists prospective first-time homebuyers who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners, by providing the opportunity to lease subsidized units from the NWTHC at affordable standardized rents based on geographic zones. Tenants are responsible for the payment of utilities. The program also offers homeownership educational opportunities through Solutions to Educate People (STEP) courses.

A unit is leased to eligible applicants (tenant) who pay a subsidized rent depending on the Community they reside in. After completing a six-month lease period, the tenant is eligible to receive an "equity contribution" of up to \$20,000, to purchase a unit, provided that the tenant: is not in default of the HELP Agreement or the Residential Tenancy Agreement, has no outstanding rental arrears or tenant related damages and has completed the required courses of the STEP Program.

A lack of market housing options in small communities has been a key challenge in delivering GNWT programs and services, especially in the case of front-line workers like teachers and nurses. In order to support our communities, the NWTHC operates approximately 171 units under the Market Housing Program, providing rental housing units at market rental rates to increase the availability of housing for essential workers in smaller communities.



# NWTHC PROGRAMS

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## **Transitional Rent Supplement Program**

On September 1, 2012, the NWTHC launched a new rental assistance program called the Transitional Rent Supplement Program (TRSP). The TRSP is designed to provide short-term support to Northwest Territories residents who pay more than 30% of their household income towards rent in private market rentals. This program fills an important gap in assisting working families challenged by affordability issues.

## **Homeownership**

The NWTHC provides an opportunity for NWT residents to access government support through programming for the purchase of a modest private home, repair their homes to ensure a safe and healthy residence and to increase the useful economic life of their home, or access a rental program that allows them to experience the commitments required to be a successful homeowner.

The simplified structure of the homeownership programs offers flexible delivery options to NWT residents and also meets the needs of seniors, and those with accessibility challenges. These programs use education and counselling to help residents in becoming successful homeowners.

Recently, program application intake changed to a year-round intake to better provide timely supports to residents in need. These one-on-one discussions between residents and staff of the NWTHC are necessary in order to explore program requirements, help individuals in identifying their housing needs and to determine the program that will best fit an individual's or a household's needs.

The following housing programs help us to achieve our goals to improve housing in the NWT.

- Solutions To Educate People (STEP)
- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Contributing Assistance for Repairs & Enhancements - Mobility (CARE Mobility)
- Contributing Assistance for Repairs & Enhancements - Preventative Maintenance (CARE PM)
- Securing Assistance For Emergencies (SAFE)

## **STEP**

STEP provides education and counseling assistance consisting of four courses designed to prepare participants for the responsibilities of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process, basic home maintenance and repairs.

STEP courses are not only offered to NWTHC applicants and clients, but also to NWT residents at large. Although priority is given to applicants/clients, space permitting, residents are encouraged to sign up for the courses through their District Offices.



# NWTHC PROGRAMS

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## **PATH**

PATH allows clients the opportunity to become homeowners by assisting in the construction or purchase of a modest home. Clients obtain additional funding from an approved financial institution or other verifiable sources. Assistance levels are determined by a zone approach that provides a level of subsidy to roughly equalize shelter costs for dwellings of a similar age and quality within non-market communities, and range between 5% and 55% of the purchase price or the Maximum Construction Cost (MCC), whichever is less. Applicants with moderate income, but income over the Core Need Income Threshold (CNIT), will be eligible for 50% of the subsidy. Assistance is provided through a forgivable loan. The forgiveness period of the loan is dependent on the amount of assistance provided.

## **CARE**

CARE assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the remaining economic life of their home. Assistance of up to \$100,000 is provided in the form of a forgivable loan to subsidize the cost of preventative maintenance checks, repairs and renovations for their existing home. The forgiveness period is dependent on the amount of assistance being provided. Co-pay may be required depending on household income.

### **CARE Mobility**

CARE Mobility assists low-income homeowners with disabilities by providing up to \$100,000 to carry out modifications to their home to improve accessibility and support independent living.

Modifications must be directly related to the disability of the homeowner or a family member residing in the unit. Such modifications may include:

- The construction of wheelchair access ramps;
- The installation of grab bars in bathrooms; and
- Creating better access to bathtubs, showers, and the kitchen.

### **CARE PM**

CARE PM provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$3,000 annually and can apply for this support on a year-round basis.

## **SAFE**

SAFE is an emergency repair program. Clients are eligible for up to \$10,000 for emergency repairs to their private home to ensure health and safety standards are met, and are able to make applications for SAFE funding at any time. SAFE is designed to assist eligible homeowners with emergency repairs to their private home based on a partnership model (copayment) between the NWTHC and the homeowner.

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Homeownership Programs

Approved programs offered through the NWTHC in 2015-2016.

### Beaufort Delta District

Program	Number of Programs
CARE Major	2
CARE PM	78
CARE Mobility	2
HELP	6
PATH	1
SAFE	16
<b>Total</b>	<b>105</b>

### Sahtu District

Program	Number of Programs
CARE Major	0
CARE PM	7
CARE Mobility	1
HELP	3
PATH	0
SAFE	10
<b>Total</b>	<b>21</b>

### Nahendeh District

Program	Number of Programs
CARE Major	1
CARE PM	45
CARE Mobility	1
HELP	3
PATH	0
SAFE	16
<b>Total</b>	<b>66</b>

### South Slave District

Program	Number of Programs
CARE Major	5
CARE PM	112
CARE Mobility	8
HELP	4
PATH	3
SAFE	49
<b>Total</b>	<b>181</b>

### North Slave District

Program	Number of Programs
CARE Major	7
CARE PM	77
CARE Mobility	0
HELP	1
PATH	4
SAFE	26
<b>Total</b>	<b>115</b>

### Northwest Territories

Program	Number of Programs
CARE Major	15
CARE PM	319
CARE Mobility	12
HELP	17
PATH	8
SAFE	117
<b>Total</b>	<b>488</b>

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

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## Public Housing Program

Expenditures for the Public Housing Program in 2016-2017 totaled approximately \$63 million. Public Housing refers to public programs that provide income-based subsidies for the rental of housing for residents in need. The NWTHC provides financial, administrative, maintenance, construction and repair support to community partners so they can deliver Public Housing on behalf of the NWTHC. The NWTHC has signed Partnership Agreements with LHOs to manage the Public Housing portfolio. The Partnership Agreements between LHOs and the NWTHC cover the areas of financial administration, tenant relations and operations and maintenance of Public Housing in the NWT. Currently the NWTHC operates approximately 2,400 Public Housing units located in 33 communities throughout the NWT, which are managed by LHOs and community service agents.



# PUBLIC HOUSING UNIT CONDITION RATINGS

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Each year, the NWTHC and LHOs conduct unit condition ratings on NWTHC owned public housing units.

Unit condition ratings provide the NWTHC with valuable information as to the state of its assets. The ratings are one source of information that helps support the NWTHC on how best to utilize its financial resources to improve the quality of housing across the NWT.

The unit condition ratings influence the capital planning process. The yearly capital planning process directs future modernization and improvements projects based on the condition of our existing public housing stock. These projects are done in order to maintain the quality of housing for our tenants.



Condition ratings are also done to determine when older units need to be replaced or scheduled for demolition. In addition, the data collected through the unit condition ratings allows a planned approach to mitigate the financial pressures in the longer term while maintaining our assets in good condition. A systematic walk-through inspection is conducted to complete the

condition rating of a unit. A standardized condition rating form is used that lists the components that make up the unit. The condition of each component is documented to assist in prioritizing repairs and estimating their cost.

The NWTHC has also implemented a training, monitoring, and reporting process so this annual inspection can be utilized as an opportunity for both quality control in ensuring that all LHOs across the NWT are completing the inspections consistently as per NWTHC guidelines and a training opportunity where required.

Units with low condition ratings undergo a more detailed evaluation. This additional evaluation determines the cost benefit of investing further dollars to modernize and improve the unit to extend its useful life or to dispose of the unit and replace it.

The NWTHC plans for a 50-year life of new units with two major renovation/repair milestones; the first at 20 years and the second at 35 years. As well, regular maintenance is performed on its public housing assets.

The table provides a snapshot of the condition of the public housing stock for the fiscal year 2016-2017. Unit condition ratings are finalized in the month of October of each year.

# PUBLIC HOUSING UNIT CONDITION RATINGS

## NWTHC-Owned Public Housing Unit Condition Ratings for 2016-2017

District/Community	Below 60%	60% - 69%	70% and higher	Total UCRs Completed
<b>Beaufort Delta</b>	<b>47</b>	<b>88</b>	<b>760</b>	<b>895</b>
Aklavik	2	3	143	148
Fort McPherson	6	37	98	141
Inuvik	29	4	182	215
Paulatuk	2	4	62	68
Sachs Harbour	1	-	25	26
Tsiigehtchic	-	1	26	27
Tuktoyaktuk	7	39	127	173
Ulukhaktok	-	-	97	97
<b>Nahendeh</b>	<b>9</b>	<b>3</b>	<b>182</b>	<b>194</b>
Fort Liard	1	1	52	54
Fort Simpson	6	2	100	108
Jean Marie River	-	-	5	5
Nahanni Butte	1	-	3	4
Trout Lake	-	-	6	6
Wrigley	1	-	16	17
<b>North Slave</b>	<b>13</b>	<b>53</b>	<b>576</b>	<b>642</b>
Behchoko (Edzo)	1	-	11	12
Behchoko (Rae)	9	27	166	202
Dettah	-	12	31	43
Gameti	1	-	28	29
Lutselk'e	2	2	64	68
N'dilo	-	2	28	30
Wekweeti	-	-	9	9
Whati	-	-	41	41
Yellowknife	-	10	198	208
<b>Sahtu</b>	<b>21</b>	<b>28</b>	<b>269</b>	<b>318</b>
Colville Lake	-	2	5	7
Deline	14	12	76	102
Fort Good Hope	1	1	56	58
Norman Wells	-	3	65	68
Tulita	6	10	67	83
<b>South Slave</b>	<b>27</b>	<b>51</b>	<b>496</b>	<b>574</b>
Fort Providence	7	32	82	121
Fort Resolution	8	1	85	94
Fort Smith	2	-	154	156
Hay River	2	13	157	172
Kakisa	2	-	2	4
K'atlodeeche First Nation	6	5	16	27
<b>Grand Total</b>	<b>117</b>	<b>223</b>	<b>2,283</b>	<b>2,623</b>

\*Note: Approved surplus and pending surplus units have been removed from this summary. UCRs are not completed on units leased from private landlords.

# HOUSING ENGAGEMENT SURVEY AND STRATEGIC RENEWAL

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Over the past year, the NWTHC took significant steps towards organizational Strategic Renewal and continued with a deep level of public engagement. Foremost among these efforts was the Housing Engagement Survey, which will help to guide the development of new strategic priorities for the NWTHC.

The Housing Engagement Survey received nearly 1,500 responses from individuals in communities all over the NWT. Questions were asked about many different housing-related issues, including homelessness, transitional housing, rental, ownership, repair, energy efficiency, seniors' housing, housing for persons with disabilities, and culturally appropriate housing.

This survey will provide extremely valuable input from residents of the NWT that the NWTHC will use to guide its Strategic Renewal actions going forward. This means focused, fiscally-responsible investments in the short-term while striving for adequate, affordable, and suitable housing for all residents of the NWT in the long-term.

This Strategic Renewal will examine all of the NWTHC's programs, initiatives, and policies to determine where there are opportunities for greater success. A wide variety of options will be considered, including new programs, pilot projects, research into challenging issues, and policy improvements to increase ease of access to programs.

Residents of the NWT have told us what they need to effectively access affordable housing. The NWTHC will listen to and reflect on these comments, then move forward with new strategic actions that will help to ensure that it is offering effective and appropriate programs and services to the people of the NWT.

## YELLOWKNIFE PUBLIC HOUSING 19-PLEX

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This year we saw the opening of Aspen Heights, a new Public Housing building that houses 19 two-bedroom apartments in the Niven Lake area of Yellowknife. This project is a significant investment in creating stable and affordable public housing in our territorial capital.

This development not only provides much needed housing, but also helped build the NWT economy and labour force. This model was based on an already successful similar project build in Yellowknife's downtown core a few years ago.

One of the interesting features of this building is the location. Development that emphasizes mixed income neighbourhoods is an idea that has been gaining traction since the mid-1990s. These sorts of developments are regarded as an opportunity to create a more supportive environment for individuals and families with low income.

Developing the project in the Niven Lake area, typically representing a more upscale neighbourhood, provides these benefits to our residents. The community of Aspen Heights are now moving into their new homes and looking forward to meeting their new neighbours, the easy access to playgrounds for children, walking trails, and quick access to the downtown core.

# STAFF PROFILE—BETTY HARDISTY

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Betty Hardisty joined the NWT Housing Corporation ten years ago, taking up the mantle of Program Advisor for our Nahendeh District Office.

In her previous life, Betty worked across the GNWT for the Departments of Health and Social Services, Finance, and Public Works, and in Economic Development with the Department of Education, Culture and Employment. Prior to working for the GNWT, Betty worked for the Government of Canada for four years in Administrative Services.



Interacting with clients and teamwork are Betty's favourite areas of work within the Corporation. "We always work as a team to resolve issues and work to help clients understand the policies of the NWTHC. There is a degree of challenge for me in using my South Slavey language in working with clients. When they walk into the office, they are usually shy and quiet and look like they are out of their comfort zone. Right away I say in my language, "How can I help

you?" and that I can speak their language. They tell me after we talk that being able to use their own language with me made them feel more welcome and at ease knowing I could understand them and them me, instead of them struggling to be understood in English."

One of the aspects that Betty helps build, is the teamwork and positive work environment of her office. "There's never a dull moment in our office when I come to work as a Program Advisor every day. Overcoming obstacles and challenges as a team is one of the things I enjoy most, because being a part of a strong team makes it so that I never feel alone in doing my work. Good teamwork and having a good Supervisor make a big difference and contribute to my positive experience and enjoyment of working well together in our office. This is what is outstanding for me in experiencing the joys of working in our Nahendeh District office."

After thirty years of working for government, both GNWT and federal, Betty is planning to retire in the near future. Although Betty's departure will be a major loss of corporate knowledge when she goes, she is working to ensure that staff are trained to take over her position when she retires.

Betty says that she'll still be a part of the community, and has no plans to leave the Nahendeh area. "I'll be staying in Fort Simpson and plan to spend more time with my family, enjoy life at the cabin and travel. I hope I can still be a resource by offering my knowledge, experience, and wisdom to the NWTHC after I retire."

# 2016-2017 NWT HC LONG SERVICE AWARD RECIPIENTS

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## Five Years

Shamir Siraj, Senior Finance Officer/LHO Analyst - North Slave District Office  
Elizabeth Harden, Information Management Specialist - Information Services  
Joni Elia, Contracts Administrator - Beaufort Delta District Office  
Brian Larman, Programs Advisor - Beaufort Delta District Office  
Paul Clarke, Technical Advisor - South Slave Sub-Office (Fort Smith)  
Ruth McKeown, Policy Analyst - Strategic Planning, Policy & Communications

## Ten Years

John Robson, Manager Design Development - Infrastructure Services  
Lee Williams, Technical Manager - Beaufort-Delta District Office  
Susan Bailey, District Controller - Nahendeh District Office

## Fifteen Years

Neil A. Phillips, Manager Construction Services - Infrastructure Services  
Kim Lea, Programs Advisor - South Slave District Office

## Twenty Years

Franklin Carpenter, Vice President - Programs & District Operations  
Kevin Brooks, Manager Assets and Mortgages - Finance and Administration  
Lisa Maurice, Programs Advisor - South Slave District Office

## Twenty-five Years

Judith Craig, Administrative Assistant - Programs and District Operations

## Thirty Years

Betty Hardisty, Programs Advisor - Nahendeh District Office





# 2016-2017 LHO LONG SERVICE AWARD RECIPIENTS

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**Elizabeth (Betty) Firth**

Fort McPherson Housing Association  
September 1, 1979 – March 15, 2017

**Mabel Grandjambe**

Radilih Koe Housing Association  
August 20, 1992 – March 15, 2017

**Alphonsine Gargan**

Fort Providence Housing Association  
March 31, 1986 – March 15, 2017

**Elizabeth (Bess Ann) McKay**

Fort Resolution Housing Association  
September 2, 1982 – March 15, 2017

**Hilda Gerlock**

Fort Simpson Housing Association  
January 13, 1988 – March 15, 2017

**Lucille Pokiak**

Tuktoyaktuk Housing Association  
September 17, 1987 – March 15, 2017

**Angela Grandjambe**

Radilih Koe Housing Association  
May 4, 1990 – March 15, 2017

**Shirley Wilson**

Fort McPherson Housing Association  
January 8, 1986 – March 15, 2017





*Appendix A:*  
*Management Discussion and Analysis*  
*Fiscal Year 2016-2017*



# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

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## Management Discussion and Analysis – Fiscal Year 2016/17

### Managing Risk / Pressures

There are both external and internal pressures and risks that impact how the NWT HC delivers its housing programs and services. In response to these challenges the NWT HC has employed various mitigation strategies to help offset, to the extent possible, these risks.

### CMHC Funding



Funding from CMHC for social housing operations is scheduled to decline to zero by 2038-39. This funding will continue to decline at varying amounts annually depending on when the housing stock was initially constructed in partnership with the federal government. Over the term of the 18<sup>th</sup> Legislative Assembly, CMHC federal funding will decline by \$1.4 Million.

The NWT HC continues to work with CMHC to mitigate the impacts of this declining funding. Under Federal Budget 2016, the NWT HC will receive approximately \$20 million for fiscal years 2016-17 and 2017-18. This incremental funding will assist the NWT HC in responding to CMHC funding declines in these years. The NWT HC continues to lobby CMHC for stable long-term funding for our social housing programs.

The NWT HC also participates in the Provincial – Territorial Housing Forum that leads the inter-jurisdictional efforts to engage the federal government in meaningful discussions regarding sustainable housing. One mitigation strategy that the NWT HC will be implementing is the expansion of the market rent program to accommodate RCMP Members stationed in various NWT communities. This initiative will not only increase the availability of market housing, but will also contribute additional revenues to help offset CMHC declining funding.

In addition, the NWT HC will continue to provide opportunities for tenants to take greater responsibility for their utility consumption with the objective of promoting self-reliance and reduce overall operating and maintenance costs which will assist in offsetting CMHC funding declines. On August 1, 2017 the tenant paid portion of electricity increased to \$0.21 per kWh, representing a remaining base rate subsidy of approximately \$0.09 per kWh for thermal communities.

### Increase in Core Need (Quality of Housing and Affordability)

The level of core need in the NWT according to *the 2014 NWT Community Survey* is 19.8%. To assist in addressing this situation, the NWT HC continues to make capital investments to replace and retrofit older and less energy efficient housing units. In addition to these investments in existing housing stock, the NWT HC continues to address core need by delivering a wide range of housing programs. For example, the Rent Supplement Program (RSP) helps to address the market housing challenges of the working poor and the Securing Assistance for Emergencies (SAFE) repair program supports emergency repairs for low to moderate income households.

# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

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## Increased Utility Costs

The sheer remoteness, a small population spread over a large landmass, and the growing global demand for resources such as natural gas and oil has helped to drive up the cost of utilities in the NWT. The NWTHC continually implements capital plans that improve the quality and energy-efficiency of Public Housing units to mitigate increasing utility costs. New construction for the replacement of aging single detached Public Housing is almost exclusively multi-unit buildings, resulting in lower consumption of heating fuel. Our standards for retrofits and new units require that projects meet or exceed EnerGuide for Housing (EGH) 80 design standards. The NWTHC has also invested in new energy efficiency technologies such as biomass and photovoltaic solar systems to help offset the high cost of energy.

In 2014-15 the NWTHC designed and implemented a system to improve detailed tracking of utility consumption and pricing. This system will continue to be enhanced as required to improve data obtained from the system to inform the decision making process regarding energy efficient initiatives.

## Land Development Issues

The availability of land for both current and future housing construction projects is critical for the NWTHC. The NWTHC continues to work with community governments to identify and develop suitable land for residential construction.

## Credit Risk

The NWTHC is exposed to credit risk from tenants and mortgage clients. Several LHOs have had challenges in collecting rent from tenants, resulting in accumulated tenant arrears. The NWTHC has increased support to enhance rent collections, including establishing a collections unit to further support LHOs with their ongoing collection activity. Our Territorial Housing System (THS), an information management database and reporting system, gives the NWTHC the ability to monitor tenant matters and arrears management within LHOs more effectively.

Since 2012, the NWTHC has worked with clients to restructure their mortgages with a view to improving overall collections rates. It was through working with our clients to structure repayment plans that meet their needs that the NWTHC was able to recognize loans previously uncollectible as viable loans.



# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

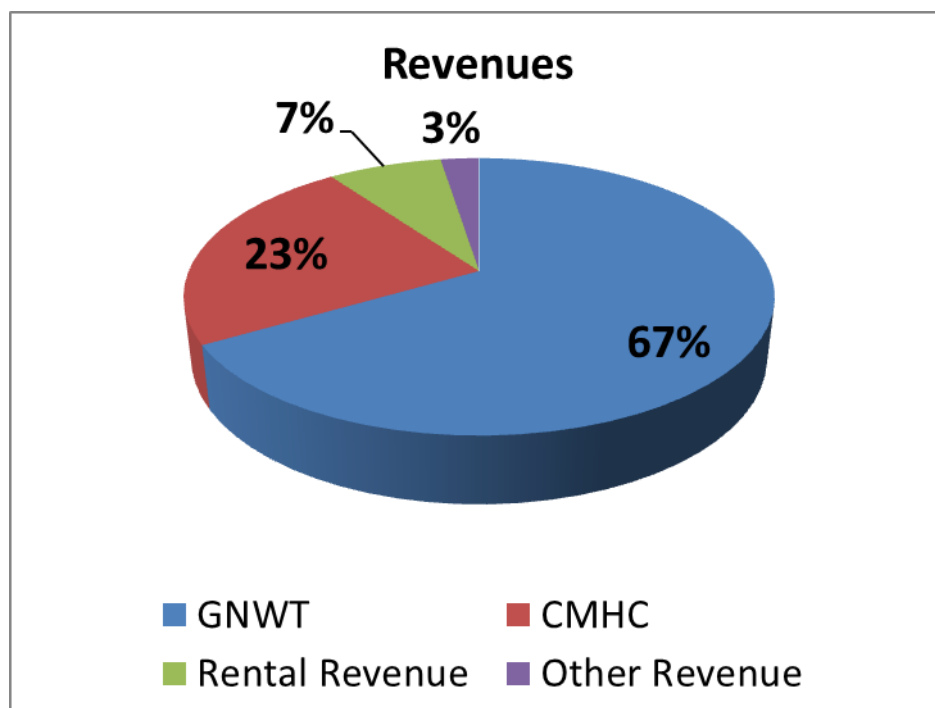
## Financial Results

### Revenues

The total revenues for the Corporation in 2016-17 were \$122.5 million, an increase of \$6.8 million from the previous year's total of \$115.7 million.

Government funding, from the GNWT and our Federal housing partner, the Canada Mortgage and Housing Corporation (CMHC), increased from \$103.1 million to \$110.3 million. The net increase is due to additional funding received under CMHC Investment in Affordable Housing Agreement and GNWT sunset funding.

Revenue generated from operations amounted to \$12.2 million in 2016-17, a decrease of \$0.4 million over the \$12.6 million in revenue generated in 2015-16. This decrease was primarily related to lower rental revenues on the public housing portfolio, lower portfolio investment income due to declining market interest rates, and fewer mortgage recoveries.



### Expenses

The Corporation's total operating expenditures for 2016-17 were \$95.8 million, a 2.1% decrease over the previous year's expenses (2015-16 \$97.8 million). The cost of operating the public housing program decreased by 1.9% including an increase of \$0.43 million in amortization during the fiscal year. The public housing program costs continue to be the largest component of the Corporation's expenses, representing 65.6% of the annual operating expenditures including amortization of the public housing units.

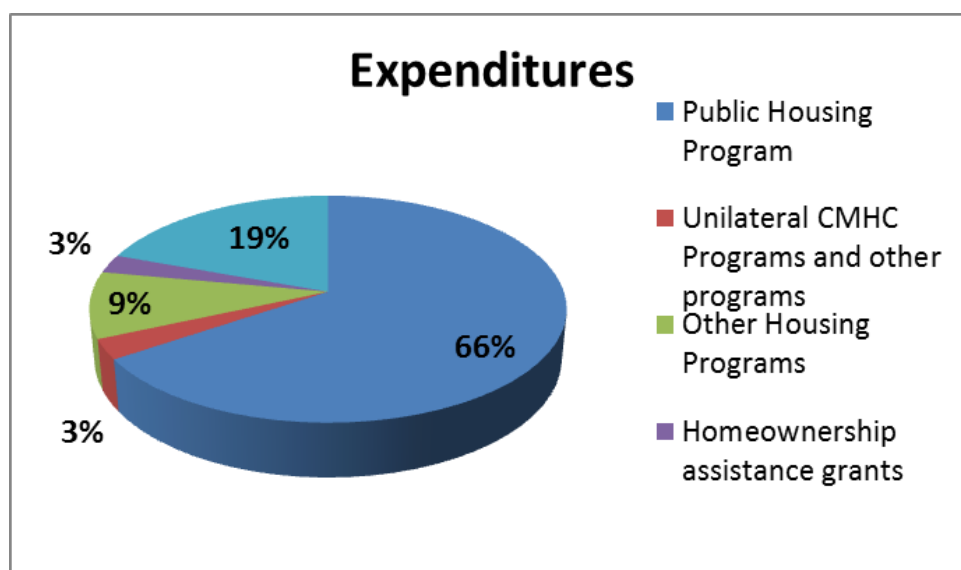
# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

Expenditures on HELP and market housing programs were \$6.6 million in 2016-17 including amortization, a 3% decrease of over the \$6.8 million expended in 2015-16. The decrease was attributable to lower utility costs due to a reduction in the number of vacant leased units, and reduced repairs and maintenance expenses. The NWTHC also contributed \$2.7 million to unilateral CMHC programs and other programs, an increase of 5% over the \$2.6 million contributed in 2015 -16. The increase was related to increasing operational and maintenance costs of unilateral groups.

Homeownership assistance grants were \$2.5 million in 2016-17, a decrease of 13% over the previous year amount of \$2.9 million. This funding is used for the provision of homeownership grants & contributions to support increased homeownership units and improvements to existing homeownership units. Funding provided by the NWTHC is subject to the receipt of qualified applicants. Over the past several years there has been a large uptake into these homeownership programs. The decrease in homeownership grant expense in 2016-17 is partially attributable to this large program delivery in previous years. In 2015-16 the NWTHC introduced a co-pay portion to access services under these programs which continues to affect program utilization numbers.

The Corporation had gains from disposals of tangible capital assets of \$0.3 million compared to the losses of \$0.6 million in 2015-16 related to impairment of tangible capital assets. Prior year losses resulted from the write-down of asset values as a result of one property damaged by fire and buildings disposed of where proceeds were lower than the net book value of the units.

The Corporation spent \$18.6 million on Corporate and district operations in 2016-17, a 6% decrease from the \$19.9 million expended in 2015-16. Costs include program development and delivery, as well as technical and administrative support, support services that occurred at the District offices and Headquarters. The largest component of corporate and district operations expenses are salaries and benefits of \$13.5 million (\$15.0 million in 2015-16).



The acquisition or construction of new housing assets and the renovation of existing housing is funded by the GNWT, CMHC and NWTHC's own source revenues. These budgeted revenues are reflected on the operating statement net of amortization resulting in an overall budgeted operating surplus of \$23.0 million. These surplus operating funds are utilized to support the delivery of the capital infrastructure acquisition plan.



# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

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## Financial Position

The Corporation continues to maintain a solid financial position in 2016-17, with net financial assets of \$60.4 million, an increase of \$16.3 million over the prior year. The requirement for the Corporation to maintain a positive net financial assets position is necessary to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the \$17.1 million third party loans that the Corporation administers on behalf of the CMHC. The Corporation indemnifies and holds harmless the CMHC from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement (SHA). The Corporation has also provided loan guarantees to private sector companies and households in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was \$9 million as at March 31, 2017.

The cash and cash equivalents balance of \$16.9 million (\$21.8 million at March 31, 2016) represents the March 31, 2017 balance in 23 LHO and Corporation bank accounts. The Corporation invests excess cash flow in portfolio investments that meet the terms of the investment policy. As at March 31, 2017, \$56.4 million (\$50.8 million at March 31, 2016) was invested in portfolio investments with a weighted average rate of return of 2.54%. Excess cash resources will be used to fund additional NWT HC capital and program investments the next few years.

Since 2012 the Corporation has been working with mortgage clients to restructure their loans.

As a result of the success of this program on collections, payments on mortgages and loans increased during the year causing the mortgage and loans receivable balance to decrease from \$4.4 million as at March 31, 2016 to \$4.2 million as at March 31, 2017.

## Investment in Housing

As at March 31, 2017 the Corporation had \$279.3 million of investments in land and buildings, representing the amortized book value of 2,564 owned public housing, homeownership rental and market rental units. During the year, an additional investment of \$24 million was made in new properties and the major renovation of existing properties. There were 21 housing units, with a carrying value of \$0.5 million, disposed of during the year through sale or demolition and \$13.3 million of property costs were amortized during the year. No properties were written down during the year.



# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

## Summary of Financial Results and Budget Projection (in millions of dollars)

	2012-2013	2013-2014	2014-2015	2015-2016	2016-2017	2017-18 Budget
<b>Revenues</b>						
GNWT	67.0	69.3	85.1	85.8	81.6	74.9
CMHC	18.6	17.5	17.4	17.3	28.7	30.0
Amortization of Deferred Capital	-	-	-	-	-	-
Other	12.1	16.8	15.1	12.6	12.2	12.4
<b>Total Revenues</b>	<b>97.7</b>	<b>103.6</b>	<b>117.6</b>	<b>115.7</b>	<b>122.5</b>	<b>117.3</b>
<b>Expenses</b>						
Public Housing Programs	52.7	52.7	52.7	54.0	53.2	56.1
Other Housing Programs	5.6	9.2	8.3	7.7	8.3	5.3
Homeownership Assistance Programs	7.1	5.2	5.6	2.9	2.5	6.3
Impairment/ Disposal Loss on TCAs	3.5	1.1	1.6	.6	-	-
Amortization	11.9	12.2	11.7	12.8	13.3	15.5
Administrative, Program and Technical Services	17.6	19.6	19.8	19.8	18.5	18.4
<b>Total Expenses</b>	<b>98.4</b>	<b>100</b>	<b>99.7</b>	<b>97.8</b>	<b>95.8</b>	<b>101.6</b>
<b>Annual Surplus (Deficit)</b>	<b>(0.7)</b>	<b>3.6</b>	<b>17.9</b>	<b>17.9</b>	<b>26.9</b>	<b>15.7</b>

### Expenses

Public Housing Programs - In general, the costs to administer the Public Housing program continue to increase due primarily to inflationary pressures related to utility costs and salaries and benefits. There are also fluctuations from year to year dependent on the level of funding that is provided for minor repairs that are necessary to maintain the NWTHC owned housing assets.

Homeownership Assistance Programs - the funds available to provide as grants to homeowners (for the purchase repair of homeownership units), varies from year to year depending on the client demand for repair programs balanced against the requirement to maintain good quality NWTHC owned housing assets.

### Annual Surplus (Deficit)

For fiscal years 2015-2016 and 2016-2017, the Corporation incurred substantial operating surpluses. This was due, in large part to an increase in funding from the GNWT for capital repair and replacement of the housing stock. The operating surplus is offset by capital expenditures of \$40.1 million and \$24.0 million respectively in those years.

# MANAGEMENT DISCUSSION AND ANALYSIS - FISCAL YEAR 2016-2017

## Write-off of Corporate Debt

As outlined in the GNWT's Financial Administration Act any asset, debt or obligation forgiven during the financial year that exceeds \$500 must be reported in the annual report of the public agency. The Financial Administration Act also notes that a public agency, such as the NWT HC, has the authority to write-off debts or obligations up to \$50,000. Any write-off requests above \$50,000 require the express authority of an Act through the Legislative Assembly. There were no reportable debts written off or forgiven during 2016-17.





*Appendix B:*  
*Independent Auditor's Report and*  
*Consolidated Financial Statements*



## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

These accompanying consolidated financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the consolidated financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the consolidated financial statements.

In discharging its responsibilities for the integrity and fairness of the consolidated financial statements, management maintains financial and management control systems and practices designed to provide reasonable assurance that transactions are properly authorized and recorded, proper records are maintained, assets are safeguarded, and the Corporation complies with applicable laws and regulations. These controls and practices ensure the orderly conduct of business, the preparation of reliable financial information, and adherence to the Corporation's statutory requirements and policies.

The external auditor, the Auditor General of Canada, conducts an independent audit, in accordance with Canadian general accepted auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial management of Northwest Territories Housing Corporation and meets when required.

On behalf of Northwest Territories Housing Corporation



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Tom R. Williams  
President & CEO



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Jim Martin, FCPA, FCGA, MBA, MA  
Vice President  
Finance & Infrastructure Services

Yellowknife, Northwest Territories  
October 11, 2017



## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for the Northwest Territories Housing Corporation

I have audited the accompanying consolidated financial statements of the Northwest Territories Housing Corporation, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of operations and accumulated surplus, consolidated statement of change in net financial assets and consolidated statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



*Opinion*

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2017, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



David Irving, CPA, CA  
Principal  
for the Auditor General of Canada

October 11, 2017  
Edmonton, Canada

# NORTHWEST TERRITORIES HOUSING CORPORATION


## Consolidated Statement of Financial Position

As at March 31,  
(in thousands)

	2017	2016
<b>Financial assets</b>		
Cash (Note 3)	\$ 16,886	\$ 21,819
Portfolio investments (Note 4)	56,444	50,830
Accounts receivable (Note 5)	13,503	5,892
Mortgages and loans receivable (Note 6)	4,172	4,439
	91,005	82,980
<b>Liabilities</b>		
Accounts payable and accrued liabilities (Note 7)	16,322	23,785
Deferred revenue	256	150
Loans payable to Canada Mortgage and Housing Corporation (Note 8)	9,063	9,911
Obligations under capital leases (Note 9)	-	53
Environmental liabilities (Note 10)	615	683
Retirement, post-employment and other leave benefits (Note 11)	4,335	4,308
	30,591	38,890
<b>Net financial assets</b>	60,414	44,090
<b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	279,292	269,064
Inventories held for use	3,009	2,843
Prepaid expenses	43	34
	282,344	271,941
<b>Accumulated surplus</b>	\$ 342,758	\$ 316,031

Contractual obligations and contingencies (Notes 16 and 17)

Approved by:

  
 Caroline Cochrane  
 Minister Responsible for the  
 Northwest Territories Housing Corporation

  
 Tom R. Williams  
 President & CEO

The accompanying notes and schedule form an integral part of the consolidated financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

**Consolidated Statement of Change in Net Financial Assets**  
**For the year ended March 31,**  
(in thousands)

	<u>2017</u>	<u>2017</u>	<u>2016</u>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
<b>Net financial assets, beginning of the year</b>	\$ 44,090	\$ 44,090	\$ 51,501
<b>Items affecting net financial assets:</b>			
Annual surplus	22,967	26,727	17,927
Acquisition of tangible capital assets	(37,527)	(24,003)	(40,103)
Amortization of tangible capital assets	14,560	13,275	12,840
Disposal of tangible capital assets	-	500	1,144
Loss from disposal and write-downs of tangible capital assets	-	-	561
Acquisition of inventories held for use	-	(1,692)	(1,475)
Consumption of inventories held for use	-	1,526	1,625
Acquisition of prepaid expenses	-	(36)	(34)
Consumption of prepaid expenses	-	27	104
<b>Increase (decrease) in net financial assets</b>	<u>-</u>	<u>16,324</u>	<u>(7,411)</u>
<b>Net financial assets, end of year</b>	<u>\$ 44,090</u>	<u>\$ 60,414</u>	<u>\$ 44,090</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

**NORTHWEST TERRITORIES HOUSING CORPORATION**  
**Consolidated Statement of Operations and Accumulated Surplus**  
**For the year ended March 31,**  
**(in thousands)**

	<u>2017</u> Budget	<u>2017</u> Actual	<u>2016</u> Actual
<b>Revenues</b>			
Government funding:			
Government of the Northwest Territories	\$ 81,702	\$ 81,611	\$ 85,770
Canada Mortgage and Housing Corporation (CHMC) (Note 12)	33,720	28,673	17,345
	<u>115,422</u>	<u>110,284</u>	<u>103,115</u>
Generated revenues:			
Rental revenue	9,009	9,125	9,596
Recoveries from mortgages and loans (Note 6)	445	940	1,174
Income from portfolio investments	561	1,188	1,291
Gain on disposal of tangible capital assets	1,400	314	53
Other revenue and recoveries	-	506	375
Interest revenue on mortgages and loans	120	136	115
	<u>11,535</u>	<u>12,209</u>	<u>12,604</u>
	<u>126,957</u>	<u>122,493</u>	<u>115,719</u>
<b>Expenses (Note 18)</b>			
Public housing program (Note 13)	63,603	62,788	64,013
Unilateral CMHC programs and other programs	3,270	2,738	2,609
HELP and market housing (Note 14)	6,936	6,606	6,792
Non-residential building operations	565	603	891
Rent subsidy program	900	254	328
Homelessness fund program	1,771	1,612	339
Homeownership assistance grants	6,517	2,519	2,908
Rental housing rural and remote	783	-	-
Corporate and district operations (Note 15)	19,645	18,646	19,912
	<u>103,990</u>	<u>95,766</u>	<u>97,792</u>
<b>Annual surplus</b>	<u>\$ 22,967</u>	<u>\$ 26,727</u>	<u>\$ 17,927</u>
<b>Accumulated surplus, beginning of year</b>	<u>316,031</u>	<u>316,031</u>	<u>298,104</u>
<b>Accumulated surplus, end of year</b>	<u>\$ 338,998</u>	<u>\$ 342,758</u>	<u>\$ 316,031</u>

The accompanying notes and schedule form an integral part of the consolidated financial statements.

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Consolidated Statement of Cash Flow For the year ended March 31, (in thousands)

	2017	2016
<b>Operating transactions</b>		
Annual Surplus	\$ 26,727	\$ 17,927
<b>Items not affecting cash</b>		
Amortization	13,275	12,840
Write-downs of tangible capital assets	-	561
Loss (gain) on disposal of tangible capital assets	(314)	(53)
Loss (gain) on disposal of portfolio investments	267	(517)
Non-cash portfolio income	171	169
Change in valuation allowances for doubtful accounts	(457)	(599)
Change in valuation allowances for mortgage & loan receivables	(544)	(1,125)
	12,398	11,276
<b>Change in non-cash working capital items</b>		
Accounts receivable	(7,154)	577
Inventories held for use	(166)	149
Prepaid expenses	(9)	70
Accounts payable and accrued liabilities	(1,916)	2,902
Deferred revenue	108	54
Environmental liabilities	(68)	382
Retirement, post-employment, and other leave benefits	27	(893)
	(9,178)	3,241
<b>Cash provided by operating transactions</b>	29,947	32,444
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(29,550)	(39,766)
Proceeds on disposal of tangible capital assets	811	1,198
<b>Cash used for capital transactions</b>	(28,739)	(38,568)
<b>Financing transactions</b>		
Repayment of obligations under capital leases	(53)	(229)
Repayment of loans payable to CMHC	(848)	(807)
<b>Cash used for financing transactions</b>	(901)	(1,036)
<b>Investing transactions</b>		
Proceeds from sale of portfolio investments	47,601	76,751
Purchases of portfolio investments	(53,653)	(62,068)
Mortgage and loan payments received	812	919
<b>Cash provided by (used for) investing transactions</b>	(5,240)	15,602
<b>Increase (decrease) in cash</b>	(4,933)	8,442
<b>Cash, beginning of year</b>	21,819	13,377
<b>Cash, end of year</b>	\$ 16,886	\$ 21,819

Total interest paid during the year was \$592 (2016 - \$648).

Total interest received during the year was \$1,416 (2016 - \$1,047).

The accompanying notes and schedule form an integral part of the consolidated financial statements.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 1. PURPOSE OF THE ORGANIZATION

The Northwest Territories Housing Corporation (the "Corporation") is a territorial corporation, established under the *Northwest Territories Housing Corporation Act* (the "Act") and named in Schedule B of the *Financial Administration Act* (FAA) of the Northwest Territories (NWT). Accordingly, the Corporation operates in accordance with its Act and regulations, the FAA, and any directives issued to it by the Minister responsible for the Corporation. The Corporation is exempt from income tax but is subject to Goods and Services Tax.

The Corporation's mandate is to ensure, where appropriate and necessary, that there is a sufficient supply of affordable, adequate, and suitable housing stock to meet the housing needs of residents in the NWT. The Corporation works in partnership with the local communities in the NWT to ensure residents have access to housing that supports a healthy, secure, independent, and dignified lifestyle.

The Corporation's public housing program is delivered by twenty-four community-based local housing organizations (LHOs). Each LHO has a board of directors and management and staff who are responsible for the day-to-day activities associated with the delivery of the program in the communities. Agreements are in place between the Corporation and the LHOs which outline the roles and responsibilities of each party.

The Corporation and the LHOs are economically dependent upon the Government of the NWT (the "Government") for the funds required to finance the net cost of their operations and capital acquisitions.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These consolidated financial statements have been prepared in accordance with Canadian public sector accounting standards.

The significant accounting policies are as follows:

#### Measurement uncertainty

The preparation of consolidated financial statements in accordance with Canadian public sector accounting standards requires the Corporation to make estimates and assumptions that affect the amounts of assets, liabilities, revenues and expenses reported in the consolidated financial statements and accompanying notes. By their nature, these estimates are subject to measurement uncertainty. Actual results could differ significantly from the estimates. The more significant management estimates relate to the allowance for impaired mortgages and loans receivable, the amortization of tangible capital assets, retirement, post-employment and other leave benefits, and contingencies.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Reporting entity

These consolidated financial statements reflect the assets, liabilities, revenues and expenses, change in net financial assets and cash flows of the reporting entity. The reporting entity is comprised of the Corporation and the accounts of the following twenty-three LHOs, via consolidation, which are controlled by the Corporation:

Aklavik Housing Association	Lutsel K'e Housing Authority
Behchokö Kö Gha K'òodèe	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort Liard Housing Authority	Radilih Koe' Housing Association
Fort McPherson Housing Association	Sachs Harbour Housing Association
Fort Providence Housing Association	Tsiigehtchic Housing Association
Fort Resolution Housing Authority	Tuktoyaktuk Housing Association
Fort Simpson Housing Authority	Tulita Housing Association
Fort Smith Housing Authority	Ulukhaktok Housing Association
Gameti Housing Authority	Whati Housing Authority
Hay River Housing Authority	Yellowknife Housing Authority
Inuvik Housing Authority	

The Yellowknife Dene First Nation (Housing Division) has been excluded from the reporting entity since it is considered to be part of a separate level of government and thus should be excluded from the reporting entity of any other government or government organization.

All significant inter-entity balances and transactions have been eliminated in the preparation of the consolidated statements.

#### Revenue recognition

The Corporation receives funding for operating and capital purposes from the Government of the Northwest Territories (Government).

The Corporation also receives funding from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement and other agreements between CMHC and the Corporation for the operations and maintenance of the various public housing programs, the acquisition of public housing and to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties.

Government revenues, including funding provided by the Government and CMHC, are recognized as revenue in the period in which events giving rise to the transfer occurred as long as:

- i. the transfer is authorized;
- ii. eligibility criteria have been met;
- iii. stipulations that give rise to a liability have been satisfied; and,
- iv. a reasonable estimate of the amount can be made.

Transfers received before these criteria are fully met are recorded as a liability.

Rental revenue is recognized on an accrual basis. An allowance is recognized for any rental amounts owing which are deemed uncollectible.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2017**

(in thousands)

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Programs**

##### **a) Contributions for public and affordable housing (HELP and market housing programs)**

The Corporation provides contributions to the LHOs for their administration of the public housing and affordable housing programs and maintenance of the housing units. These administration and maintenance contributions are determined using a funding formula based on the number of units managed by the LHO.

##### **b) Contributions for unilateral CMHC programs and other programs**

The Corporation provides subsidy assistance to various non-profit housing sponsor groups and co-operatives in accordance with operating agreements, which set out the basis on which eligibility for subsidy assistance will be determined. These expenditures are recognized based on actual or estimated costs incurred by each sponsor group in the year.

##### **c) Homeownership assistance grants**

The Corporation, under section 44(1) of its Act, may make a home ownership assistance grant in the form of a forgivable loan to eligible homeowners on terms and conditions that may be imposed by the Corporation. The conditional grants, which vary in amount depending on the income or community of the applicant and are not expected to be repaid unless certain conditions are not met, are expensed in the year the grant is approved. Any recoveries on the conditional grants are recognized in the year the amount is recovered from the borrower (Note 6).

The Corporation is not currently providing any new repayable mortgages/loans or loan guarantees to eligible homeowners under its Homeownership Assistance program.

#### **Cash and cash equivalents**

Cash and cash equivalents are comprised of bank account balances net of outstanding cheques and short-term investments that have terms to maturity of less than 90 days from the dates of acquisition.

#### **Portfolio investments**

Portfolio investments are investments in debt securities of organizations that do not form part of the reporting entity and are accounted for using the amortized cost method.

Investment income is recognized on the accrual basis, premiums and discounts arising on purchase are amortized over the term of the respective investment, and capital gains and losses are recognized when realized. When there has been a loss in value of a portfolio investment that is other than a temporary decline, the investment is written down to recognize the loss.



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### **Mortgages and loans receivable**

The net carrying amount of the mortgages and loans receivable represents the present value of the expected future principal and interest payments to be received, net of the grants provided to the borrowers, any restructuring costs, and the allowance for impairment. Interest income on mortgages and loans receivable is recognized when earned. The costs related to a mortgage or loan restructuring, if any, are expensed in the year of the restructuring.

A mortgage or loan is considered to be impaired when, in management's opinion, there is reasonable doubt as to the collection of principal and interest or when six months of arrears have accumulated. When a mortgage or loan has six months of arrears an allowance for impairment of 100% is established to reduce the carrying amount of mortgages and loans receivable identified as impaired to their estimated recoverable value of nil based on management's best judgment and the Corporation's historical loss experience. The recognition of interest income also ceases on a mortgage or loan identified as impaired.

The Corporation also performs an annual assessment of mortgages and loans with payments in arrears between one and six months. A partial allowance is recorded on these mortgages and loans based on the average collection rate on similar type mortgages and loans.

A mortgage or loan receivable reverts to performing status when, in management's opinion, the ultimate collection of principal and interest is reasonably assured and in the case of a mortgage or loan restructuring, when at a minimum twelve months has passed since the restructuring and payments are not more than six months in arrears.

Borrowers in arrears may choose to settle their obligation with a quit claim. A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer ownership of the housing unit back to the Corporation for a nominal fee. The fair value of the housing unit acquired through the quit claims process is determined to be the original purchase price or construction costs (if available) less amortization from the original purchase date to the date the quit claim occurred. This is considered to be a reasonable estimate of the fair value of the assets recovered. Quit claim units are evaluated for suitability for delivery of programs and if suitable are added to tangible capital assets at a value as described above. Where suitability criteria are not met the units are disposed of by sale to a third party or demolished and are written down to their residual value if any.

#### **Loan guarantees**

An obligation and expense is recognized related to a loan guarantee when it is likely that a loss will be incurred, and the amount of the loss can be reasonably estimated. When estimating the amount of contingent loss, management considers the value of any security (properties) which could be sold to cover the loan guarantee. Provisions for losses are reviewed annually.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Tangible capital assets

##### a) Land and buildings

Land and housing units constructed or purchased by the Corporation are recorded at cost. Housing units previously transferred from CMHC or the Government were recognized at net book value which was considered a reasonable estimate of fair value at the time of the transfer. Housing materials are also recorded at cost and included in construction in progress.

When the Corporation enters into lease agreements where the risks and benefits of ownership are transferred to the Corporation the Public and affordable (HELP and market) housing units are recorded as capital leases. In such cases, the cost of the asset is determined as the discounted net present value of the minimum lease payments and is amortized using the straight-line method over the lease term. Obligations recorded under capital leases are reduced by rental payments net of imputed interest and executory costs. Interest expense is included in interest on long-term debt.

Housing units are amortized at an annual rate of 5% on a declining balance basis. Amortization begins in the year the housing unit is placed into service. Construction in progress is not amortized.

##### b) Property and equipment

Property and equipment are stated at cost. Amortization is provided using the following methods and annual rates:

Warehouses and offices	Declining balance	5%
Office furniture and equipment	Declining balance	20%
Mobile equipment	Declining balance	20%
Software	Straight-line over 10 years	
Leasehold improvements	Straight-line over term of lease	

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### **Inventories held for use**

Inventory held for use consists of materials and supplies to be used for the maintenance or minor modifications of buildings. The inventory is valued on a weighted average basis at the lower of cost and replacement value.

### **Employee future benefits**

#### **a) Pension benefits**

All eligible employees of the Corporation are covered in the Public Service Pension Plan (the "Plan") a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation to cover current service cost. The Corporation's contributions are charged as an expense on a current year basis and represent the total pension obligations. The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Public Service Pension Plan.

#### **b) Retirement, post-employment, and other leave benefits**

Under the terms and conditions of employment, government employees may earn non pension benefits for resignation, retirement and removal costs. Eligible employees earn benefits based on years of service to a maximum entitlement based on terms of employment. Eligibility is based on a variety of factors including place of hire, date employment commenced, and reason for termination. Benefit entitlements are paid upon resignation, retirement or death of an employee.

Employees earn other benefits including maternity and parental leave and non-vesting accumulating sick leave benefits. Accumulating non-vesting and special leave are recognized in the period the employee provides services, whereas parental and maternity leave are event driven and are recognized when the leave commences.

An actuarial valuation of the cost of these benefits has been prepared under the projected credit unit methodology using data provided by management and assumptions based on management's best estimate.

#### **c) Northern Employee Benefits Service (NEBS) Pension Plan**

Eligible employees of the following LHOs are covered by the Northern Employee Benefits Services Pension Plan ("NEBS"). This plan is a multi-employer contributory defined benefit plan and accordingly contributions are expensed as incurred. NEBS is a member owned, not-for-profit, corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north.

Behchokö Kō Gha K'áodèe  
Deline Housing Association  
Fort McPherson Housing Association  
Fort Resolution Housing Authority  
Fort Simpson Housing Authority

Fort Smith Housing Authority  
Inuvik Housing Authority  
Lutsel K'e Housing Authority  
Radlilh Koe' Housing Association  
Yellowknife Housing Authority

NEBS establishes contribution rates for participating employers/employees, and contributions are remitted to NEBS on a regular basis throughout the year. Contributions are recorded as an expense in the year when the employees have rendered service.

# **NORTHWEST TERRITORIES HOUSING CORPORATION**

## **Notes to Consolidated Financial Statements**

**March 31, 2017**

**(in thousands)**

### **2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Environmental Liabilities**

Contaminated sites are a result of contamination that exceeds an environmental standard. A liability for remediation of contaminated sites is recognized when all the following criteria are met:

- i. an environmental standard exists;
- ii. contamination exceeds the environmental standard;
- iii. the Corporation:
  - is directly responsible; or
  - accepts responsibility;
- iv. it is expected that future economic benefits will be given up; and
- v. a reasonable estimate of the amount can be made.

The liability is recognized net of any expected recoveries.

#### **Services Provided Without Charge**

The Corporation receives services provided by the Government without charge which include legal, human resource and other services. These services cannot be reasonably estimated and the Corporation does not recognize any amounts related to these services.

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 3. CASH

Included in cash are tender and security deposits from contractors on construction projects and rental housing damage deposits held in trust in the amount of \$2,528 (2016 - \$2,493) which are also included in accounts payable and accrued liabilities (Note 7). Also included in cash is reserve funds of \$1,313 (2016 - \$854) of which \$225 is designated by management to replace the Mary Murphy's senior home. In addition an agreement was reached with CMHC to allow the Corporation to maintain the mortgage and pay it out in full at the next renewal date in the amount of \$1,088 to settle mortgage principal where the underlying asset has been disposed. It is anticipated that these funds will be expended in December 2018.

#### 4. PORTFOLIO INVESTMENTS

Issuer	2017			2016
	Stated interest rate	Remaining term	Carrying amount	Carrying amount
Fixed income investments:				
Bankers acceptances, fixed rate	1.64% to 5.63%	33 to 273 days	\$ 37,936	\$ 39,234
Bankers acceptances, fixed rate	1.77% to 2.65%	5 to 8 years	9,434	9,434
Provincial governments, fixed rate	1.56% to 3.00%	33 days to 3 years	7,784	-
Ontario Hydro Strip Bonds, fixed rate	1.54%	3 years	-	907
Ontario Hydro Zero Coupon Bonds, fixed rate	2.04%	5 years	1,290	1,255
			<u>\$ 56,444</u>	<u>\$ 50,830</u>

The weighted average effective yield of this portfolio in 2017 was 2.54% (2016 – 2.20%). Investments in bankers' acceptances are highly liquid investments with original terms to maturities of greater than 90 days.

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 5. ACCOUNTS RECEIVABLE

	2017	2016
Trade accounts receivable	\$ 2,693	\$ 2,902
Tenant rents receivable	12,993	13,819
	15,686	16,721
Less allowance for doubtful accounts	(12,569)	(13,026)
	3,117	3,695
Receivables from CMHC	10,270	2,110
Receivables from related parties		
Government of the Northwest Territories	116	87
	116	87
Net Accounts Receivable	\$ 13,503	\$ 5,892

#### 6. MORTGAGES AND LOANS RECEIVABLE

##### Mortgages and loans receivable

	2017	2016
Corporate loans, repayable in monthly installments at interest rate of 0.00% and 3.00%, secured, with an original term of 10 years	\$ 499	\$ 544
Mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 6.35% and 10.50%, secured by registered charges against real property, with a term over a maximum of 15 years	553	320
Loans based on Income Assessment, repayable in monthly installments at interest rates varying between 0.00% and 12.00%, unsecured, with a term over a maximum of 15 years	3,782	3,919
Restructured mortgages, repayable in monthly installments at interest rates of 3.00%, secured by registered charges against real property, with a term over a maximum of 25 years	980	1,690
Restructured loans, repayable in monthly installments at interest rates varying between 3.00% and 7.20%, unsecured, with a term over a maximum of 25 years	8,808	8,268
Mortgages and loans receivable	14,622	14,741
Less allowance for impaired mortgages and loans	(10,450)	(10,302)
	\$ 4,172	\$ 4,439

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 6. MORTGAGES AND LOANS RECEIVABLE (continued)

The carrying value of the mortgages and loans receivable that are past due but not classified as impaired is \$1,484 (2016 - \$1,224). There were no write-offs in the current year (2016 - none).

The allowance for impaired refinanced mortgages and loans that were restructured is \$6,473 (2016 - \$6,219) and the allowance for impaired subsidized mortgages and loans advanced based on Income Assessment is \$3,977 (2016 - \$ 4,083).

#### Homeownership assistance grants

Conditional grants have been provided by the Corporation to eligible homeowners, which are fully forgivable on the condition of the property remaining the principal residence and annual income remaining below the core need income threshold for the term of the agreement. If the conditions are not met, the grants are repayable to the Corporation. Conditional grants comprise the Homeownership Assistance grants of \$2,519 (2016 - \$2,908), which are expensed on the consolidated statement of operations and accumulated surplus.

#### Net recoveries on mortgages, loans receivable, and conditional grants

	2017	2016
Recoveries on impaired mortgages and loans	\$ 352	\$ 386
Adjustment to allowance for impaired mortgages and loans	93	405
Recoveries from conditional grants	495	383
	\$ 940	\$ 1,174

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2017	2016
Trade payables	\$ 7,396	\$ 13,973
Contractor holdbacks	2,913	3,015
Tender and security deposits	393	438
Wages and employee benefits	985	851
Accrued interest	120	133
Damage deposits	2,135	2,055
Loan guarantee obligation	-	97
Payables to related parties:		
Government of the Northwest Territories	2,380	3,223
	\$ 16,322	\$ 23,785

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2017			2016
	Debt balance	CMHC funded portion	Net debt balance	Net debt balance
Mortgages payable to CMHC (NHA Section 79 debt), repayable in monthly or quarterly installments, maturing from 2018 to 2038, at interest rates from 5.94% to 19.00% (2016 - 5.94% to 19.00%).	\$ 23,308	\$ (23,308)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2016 - 6.97%). These loans are guaranteed by the Government.	14,403	(8,002)	6,401	7,004
Mortgages payable to CMHC for three housing projects acquired from third parties in accordance with the provisions of the SHA related to third party loans, maturing in 2026 and 2027, at interest rates from 2.78% to 3.68%, (2016 - 2.78% and 3.68%).	<u>2,662</u>	<u>-</u>	<u>2,662</u>	<u>2,907</u>
	<u><u>\$ 40,373</u></u>	<u><u>\$ (31,310)</u></u>	<u><u>\$ 9,063</u></u>	<u><u>\$ 9,911</u></u>

Under the terms of the 1999 Social Housing Agreement (SHA), CMHC originally provided funding to the Corporation to build public housing assets in the form of long-term mortgages payable to CMHC (referred to as National Housing Act (NHA) Section 79 debt under the SHA) and loans payable to CMHC (referred to as National Housing Act (NHA) Section 82 debt under the SHA). Under the SHA, CMHC also agreed to provide additional funding to the Corporation to reduce 100% of the NHA Section 79 debt and to reduce by 5/9th the NHA Section 82 debt, and to fund the related interest repayments that the Corporation would make each year to CMHC. This additional funding receivable from CMHC and the related payments due by the Corporation each year on the long-term debt payable to CMHC are offset, resulting in no exchange of cash between the Corporation and CMHC.

Had CMHC not funded the repayments of the long-term debt principal and interests payable to CMHC, the Corporation would have incurred additional interest expense of \$3,570 in 2017 (2016 – \$3,687), and would have made additional principal long-term debt repayments to CMHC of \$1,453 in 2017 (2016 – \$1,349).

The above mortgages and loans payable to CMHC are not secured.



## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 8. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

Principal repayments and interest requirements over the life of the outstanding loans are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 807	\$ 533	\$ 1,340
2019	1,801	476	2,277
2020	597	407	1,004
2021	585	370	955
2022	620	335	955
2023 - 2027	3,411	1,064	4,475
2028 - 2038	1,242	209	1,451
	<u>\$ 9,063</u>	<u>\$ 3,394</u>	<u>\$ 12,457</u>

#### 9. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to no annual payments (2016 - one) for lease agreement for market housing units.

The value of the leased housing unit which is included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2017 are \$nil and \$nil, respectively (2016 - \$662 and \$589, respectively).

#### 10. ENVIRONMENTAL LIABILITIES

The Corporation has identified eight fuel spills sites and no other contaminated site (2016 - seven fuel spill sites and one other contaminated site) for which an environmental liability has been recorded. The liability is calculated as costs remaining to remediate the spills to the required environmental standard. The spills are expected to be remediated within the twelve months subsequent to year end. The estimated amount of recoveries is nil (2016 - nil). The Corporation has not identified any sites where an environmental liability may exist but no liability has been recorded.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS

#### Pension benefits

The employees of the Corporation are covered by the public service pension plan (the "Plan"), a contributory defined benefit plan established through legislation and sponsored by the Government of Canada. Contributions are required by both the employees and the Corporation. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution.

The required employer contribution rate is dependent on the employee's employment start date. For employment start dates after January 1, 2013, the Corporation's contribution rate effective at year end was 1.00 times (2016 – 1.11) the employee's contribution; and for employment start dates before December 31, 2012, the Corporation's contribution rate effective at year end was 1.01 times (2016 – 1.15) the employee's contribution. The Corporation's and employee's contributions for the year were \$1,094 and \$1,089 respectively (2016 - \$1,031 and \$1,346 respectively). Total contributions of \$1,094 (2016 - \$1,031) were recognized as an expense in the current year.

The public service pension plan was amended during 2013 which raised the normal retirement age and other age related thresholds from age 60 to age 65 for new members joining the plan on or after January 1, 2013. For existing members, the normal retirement age remains age 60.

The Government of Canada holds a statutory obligation for the payment of benefits relating to the Plan. Pension benefits generally accrue up to a maximum period of 35 years at an annual rate of 2% of pensionable service times the average of the best five consecutive years of earnings. The benefits are indexed to inflation.

Other benefits include survivor pensions, minimum benefits in the event of death, unreduced early retirement pensions, and disability pension.

#### Retirement, post-employment, and other leave benefits

In addition to pension benefits, the Corporation provides severance (resignation and retirement), removal and compensated absence (sick, special, maternity and parental leave) benefits to employees based on years of service and final salary. The benefit plans are not pre funded and thus have no assets, resulting in a plan deficit equal to the accrued benefit obligation.

Severance benefits are paid to the Corporation's employees based on the type of termination (e.g. resignation versus retirement) and appropriate combinations that include inputs such as when the employee was hired, the rate of pay, the number of years of continuous employment and age and the benefit is subject to maximum benefit limits. Removal benefits are subject to several criteria, the main ones being location of hire, employee category and length of service.

Compensated absence benefits generally accrue as employees render service and are paid upon the occurrence of an event resulting in eligibility for benefits under the terms of the plan. Events include, but are not limited to employee or dependent illness and death of an immediate family member. Non-accruing benefits include maternity and parental leave.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 11. RETIREMENT, POST-EMPLOYMENT, AND OTHER LEAVE BENEFITS (continued)

#### Valuation results

The liabilities are actuarially determined as the present value of accrued benefits at March 31, 2017.

Liability for leave, severance, and removal benefits is as follows:

	<u>2017</u>	<u>2016</u>
Accrued benefit obligation, beginning of year	\$ 4,308	\$ 5,201
Costs for the year	815	1,004
Benefits paid during the year	<u>(788)</u>	<u>(1,897)</u>
Accrued benefit obligation, end of year	<u>\$ 4,335</u>	<u>\$ 4,308</u>

The discount rate used to determine the accrued benefit obligation is an average of 3.30%. No inflation rate was applied.

#### Northern Employees Benefits Services (NEBS) Pension Plan

Eligible employees of member LHOs are covered by the Northern Employee Benefits Services (NEBS) Pension Plan, a contributory defined benefit plan. NEBS is a member owned, not-for profit corporation that sponsors an insurance and health care benefits plan and a pension plan for public sector employees in the north. The employer and employee contribution rates effective at year end were both 8% (2016 - 8%). The Corporation's and employees' contribution to the NEBS Pension Plan for the year were \$375 and \$375 respectively (2016 - \$481 and \$481 respectively).

The plan serves 1,700 Employee Members and 115 Employer Members. As of April 2004, the Office of the Superintendent of Financial Institutions (OSFI) exempted NEBS from compliance with the Pension Benefits Standards Act (PBSA). NEBS has agreed to voluntarily comply with PBSA until the plan can be registered under Territorial legislation. The Governments of the NWT and Nunavut passed the NEBS Pension Plan Protection Act in February 2014 which sets rules to protect Plan Members funds. As of December 31, 2016 the plan had a surplus \$25,122 (December 31, 2015 - \$24,873).

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 12. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION (CMHC)

	2017	2016
Funding received from the CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 9,894	\$ 10,100
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,919
Repairs, maintenance and other costs	1,364	1,456
Agreement for Investment in Affordable Housing	13,467	1,840
Agreement for Energy Construction Monitoring	30	30
	\$ 28,673	\$ 17,345

Under the terms of the 1999 Social Housing Agreement with CMHC, the Corporation assumed full responsibility for the management of various public housing programs specified in the SHA. CMHC provides annual funding to the Corporation to manage these programs. The SHA and the funding expire in 2038.

On December 20, 2011 the Corporation and CMHC signed the Agreement for Investment in Affordable Housing. This \$11 million three year agreement amalgamated two existing agreements between the Corporation and CMHC; Housing Renovation Program Agreement and the Affordable Housing Agreement Extension. Funding under this agreement can be utilized under four specific housing programs: CARE, PATH, HELP and Shelter Enhancement. This Agreement was extended on February 2, 2015 for a period of five years (2014/2015 to 2018/2019) for \$18.4 million. The annual funding is cost shared with CMHC and the Corporation each contributing \$1.84 million per year for this program. Both parties to the Agreement will provide a total of \$14.7 million over the eight year period from 2011/2012 to 2018/2019.

On September 29, 2016 the Corporation signed the Amended Social Infrastructure Fund Agreement under the Investment in Affordable Housing with the CMHC. Under this Agreement, \$20.4 million in funding has been allocated to the Corporation from 2016 to 2018 of which the Corporation will be required to cost share \$3.9 million. The Amended Agreement had \$15.0 million removed from the original \$35.0 million Federal allocation under the Social Infrastructure Fund Agreement signed on June 8, 2016. The total funding earned under this agreement during the year is \$11.6 million (2016 - nil).

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 13. PUBLIC HOUSING PROGRAM

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 31,826	\$ 29,351
Repairs, maintenance and other costs	7,737	10,577
Compensation and benefits	11,168	11,577
Administration	935	903
Contribution for public housing	955	922
Interest on long-term debt	579	628
Amortization	9,588	9,494
Write-down of tangible capital assets	-	561
	\$ 62,788	\$ 64,013

#### 14. HELP AND MARKET HOUSING

	2017	2016
Utilities, taxes, land and rental housing leases	\$ 1,217	\$ 1,002
Repairs, maintenance, and other costs	625	885
Compensation and benefits	1,150	1,822
Contribution for affordable housing	228	340
Amortization	3,386	2,743
	\$ 6,606	\$ 6,792

#### 15. CORPORATE AND DISTRICT OPERATIONS

	2017	2016
Compensation and benefits	\$ 13,543	\$ 15,020
Building and equipment rentals	2,308	2,340
Professional and special services	356	451
Training and workshops, travel and other support	1,282	1,078
Computer services	498	441
Materials and supplies	318	235
Communications	200	222
Amortization	141	125
	\$ 18,646	\$ 19,912

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 16. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Included in the contractual obligations below are ongoing maintenance contributions funded by the Government of Northwest Territories. Also included in the 2018 contractual obligations are construction commitments of \$13,133 (2016 - \$13,158).

	<u>Total</u>
2018	\$ 17,458
2019	3,414
2020	2,861
2021	1,722
2022	1,404
After	<u>2,624</u>
Total	<u>\$ 29,483</u>

### 17. CONTINGENCIES

The Corporation provided guarantees to banks in financing certain new or renovated residential housing construction. The Corporation has the authority to provide loan guarantees to a limit of \$30 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2017 a total of 17 (2016 - 22) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$870 (2016 - \$3,260). In 2017 one loan of these loans was guaranteed with a total outstanding balance of \$64 and in 2016 four of these loans were guaranteed with a total outstanding balance of \$2,239; all of these loans are secured by registered charges against real property.

The period covered by these guarantees extends up to 2028.

Under the terms of the Social Housing Agreement with CMHC, the Corporation is responsible for the administration of a number of loans to third parties, where CMHC is the lender or insurer of these loans. The agreement provides that the Corporation shall indemnify and reimburse CMHC for and save it harmless from all losses, cost and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2017 was \$16,534 (2016 - \$18,666).

The period covered by these related loans extends up to 2029.

The outstanding balances represent the maximum amount of future loan principal payments under the guarantees and indemnities. In the event of default by the borrowers, the lenders could request payment from the Corporation. The obligation under loan guarantees as at March 31, 2017 is \$nil (2016 - \$97).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 18. EXPENSES BY OBJECT

	<u>2017</u>	<u>2016</u>
Amortization	\$ 13,275	\$ 12,841
Compensation and benefits	27,937	28,852
Computer hardware and software	168	138
Contract services	7,542	7,884
Controllable assets	30	45
Fees and payments	421	569
Grants and contributions	5,357	4,395
Housing debt repayment	571	622
Housing operations and maintenance	37,144	37,843
Materials and supplies	2,097	2,327
Other expenses	215	306
Purchased services	620	717
Travel	724	707
Valuation allowances	(335)	(15)
Write-downs of tangible capital assets	-	561
	<u>\$ 95,766</u>	<u>\$ 97,792</u>

## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 19. FINANCIAL RISK MANAGEMENT

The Corporation's financial instruments consist of cash, portfolio investments, accounts receivable, mortgages and loans receivable, accounts payable and accrued liabilities, loans payable to CMHC, and obligations under capital lease and are measured at amortized cost. The Corporation has exposure to the following risks from its use of financial instruments:

##### a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting its obligations associated with financial liabilities or cash outflow obligations as they come due. The Corporation manages its liquidity risk by regularly monitoring forecasted and actual cash flows. The Corporation does not believe that it will encounter difficulty in meeting its future obligations associated with its financial liabilities. The table below shows when various financial liabilities mature.

Financial Liabilities	Up to 6 months	6 months to 1 year	1 to 5 years	Over 5 years	Total
Accounts payable and accrued liabilities	\$ 16,322	\$ -	\$ -	\$ -	\$ 16,322
Loans payable to CMHC	807	-	3,603	4,653	9,063
<b>Total liabilities</b>	<b>\$ 17,129</b>	<b>\$ -</b>	<b>\$ 3,603</b>	<b>\$ 4,653</b>	<b>\$ 25,385</b>

##### b) Credit Risk

The Corporation is exposed to credit risk on its cash, portfolio investments, accounts receivable and mortgages and loans receivable.

##### Cash and portfolio investments

Credit risk on cash and portfolio investments arises from the possibility that the counter-party to the instrument fails to meet their obligations. In order to manage this risk, the Corporation only invests in high quality fixed income investments. The maximum exposure to credit risk is \$73,330 (2016 - \$72,649).

##### Accounts receivable

Credit risk on accounts receivable arises from the possibility that the customer fails to meet their obligations. In order to manage this risk, the Corporation actively monitors the age of accounts receivable and initiates collection action. The maximum exposure to credit risk is \$13,503 (2016 - \$5,892).



## NORTHWEST TERRITORIES HOUSING CORPORATION

### Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

#### 19. FINANCIAL RISK MANAGEMENT

##### b) Credit Risk (continued)

###### Mortgages and loans receivable

Credit risk on mortgages and loans receivable arises from the possibility that the borrower fails to meet their obligations. In order to manage this risk, the Corporation actively monitors mortgage and loan payments and works with borrowers to develop payment plans to resolve outstanding arrears issues. In 2013 the Corporation developed the Revised Mortgage Approach to determine new repayable loan amounts. The maximum exposure to credit risk is \$4,172 (2016 - \$4,439).

As at March 31, 2017, \$1,948 (2016 - \$2,554) of the impaired mortgages and loans are secured by homes the Corporation has the ability to sell or use in its operations in order to satisfy borrowers' commitments. The value of security is not readily determinable.

As at March 31, 2017, the following financial assets were past due but not impaired:

Financial assets	<u>30 days</u>	<u>60 days</u>	<u>90 days</u>	<u>120+ days</u>
Tenants rent receivable	\$ 4	\$ 3	\$ 4	\$ 7
Trade accounts receivable	202	-	-	275
Mortgages and loans receivable	331	147	102	246

##### c) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows of a financial instrument will fluctuate in the future because of interest rate changes. The Corporation is exposed to interest rate risk primarily through its investment in fixed income investments. Fluctuations in interest rates can affect the fair value of the fixed income investments, as well as shift investor preferences among asset classes. Because the Corporation accounts for its fixed rate instruments at amortized cost, a change in interest rates would not affect the consolidated statement of operations with respect to these fixed rate instruments.

Interest rate risk is minimized by actively managing the duration of the fixed income investments.

Term						Carrying value	
	Within 1 year	1 to 2 years	2 to 5 years	5 to 10 years	Over 10 years	2017	2016
Portfolio investments	\$ 44,792	\$ -	\$ 928	\$ 10,724	\$ -	\$ 56,444	\$ 50,830

The Corporation does not face cash flow interest rate risk on its loans payable to the Canada Mortgage and Housing Corporation because these interest rates are fixed for the full term of the loans. Because the Corporation accounts for these loans at amortized cost, a change in interest rates would not affect the consolidated statement of operations with respect to these loans payable.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2017

(in thousands)

### 20. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of the Corporation's financial assets and liabilities is estimated as follows:

	2017		2016	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	\$ 56,444	\$ 56,054	\$ 50,830	\$ 50,193
Loans payable to CMHC	6,401	7,779	7,004	8,716
Mortgages payable to CMHC	2,662	2,695	2,907	2,942
Obligations under capital leases	-	-	53	53

The fair value of the portfolio investments are the market values as at March 31.

The fair value of loans and mortgages payable to CMHC is determined by applying the current yield for debt with a similar maturity date issued by the province of Newfoundland & Labrador and applying this yield to the Corporation's debt. This approach is used because the Government of the Northwest Territories does not issue debt and the province of Newfoundland & Labrador would be considered to have a similar risk profile.

The fair value of the mortgages receivable is estimated to be the carrying amount due to the significant valuation allowances provided.

The fair values of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

### 21. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories departments, territorial corporations and public agencies. The Corporation enters into transactions with these entities in the normal course of business, under terms and conditions similar to those with unrelated parties. Significant transactions with related parties and balances at year-end are disclosed separately in the consolidated financial statements and notes thereto.

### 22. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current year.

### 23. BUDGETED FIGURES

Budgeted figures have been provided for comparison purposes and have been derived from the Main Estimates approved by the Legislative Assembly.

**NORTHWEST TERRITORIES HOUSING CORPORATION**

Schedule A

**Consolidated Schedule of Tangible Capital Assets**

March 31, 2017

(all figures in thousands)

	Cost		Accumulated amortization				Net Book Value				
	Opening balance	Acquisitions	Write-downs & Transfers*	Disposals	Closing balance	Opening balance	Amortization	Disposals	Closing balance	2017	2016
<b>Land and Buildings:</b>											
Land	\$ 7,562	\$ -	\$ 747	\$ (46)	\$ 8,263	\$ -	\$ -	\$ -	\$ -	\$ 8,263	\$ 7,562
Public housing	316,689	-	8,880	(1,107)	324,462	145,766	9,026	(949)	153,843	170,619	170,923
HELP and market housing	72,537	-	17,347	(354)	89,530	21,476	3,386	(58)	24,804	64,726	51,061
Non-residential properties	6,408	-	-	-	6,408	3,218	160	-	3,378	3,030	3,190
Construction in progress	27,650	24,003	(27,047)	-	24,606	-	-	-	-	24,606	27,650
<b>Sub-total</b>	<b>430,846</b>	<b>24,003</b>	<b>(73)</b>	<b>(1,507)</b>	<b>453,269</b>	<b>170,460</b>	<b>12,572</b>	<b>(1,007)</b>	<b>182,025</b>	<b>271,244</b>	<b>260,386</b>
<b>Property and equipment:</b>											
Warehouses and offices	12,660	-	-	-	12,660	5,548	356	-	5,904	6,756	7,112
Mobile equipment	2,538	-	73	-	2,611	1,547	213	-	1,760	851	991
Leasehold improvements	771	-	-	-	771	732	5	-	737	34	39
Office furniture and equipment	5,597	-	-	-	5,597	5,142	118	-	5,260	337	455
Software	114	-	-	-	114	33	11	-	44	70	81
<b>Sub-total</b>	<b>21,680</b>	<b>-</b>	<b>73</b>	<b>-</b>	<b>21,753</b>	<b>13,002</b>	<b>703</b>	<b>-</b>	<b>13,705</b>	<b>8,048</b>	<b>8,678</b>
<b>Total</b>	<b>\$ 452,526</b>	<b>\$ 24,003</b>	<b>\$ -</b>	<b>\$ (1,507)</b>	<b>\$ 475,022</b>	<b>\$ 183,462</b>	<b>\$ 13,275</b>	<b>\$ (1,007)</b>	<b>\$ 195,730</b>	<b>\$ 279,292</b>	<b>\$ 269,064</b>

\* There were no write-downs in the current year (2016 - \$561).





