

# *Northwest Territories Housing Corporation Annual Report 2011/2012*





*Northwest Territories  
Housing Corporation  
Annual Report 2011/2012*



## MESSAGE FROM THE MINISTER

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I am pleased to present the Northwest Territories Housing Corporation (NWTHC) Annual Report for 2011-2012. This document reflects on our efforts dedicated to improving housing in the Northwest Territories (NWT). In addition to program delivery, the year was focused on the review of housing programs offered to NWT residents and how they are delivered.

A key activity undertaken in 2011-2012 was the Shelter Policy Review, which provided the foundation and content to develop the NWTHC's strategic framework - *Building for the Future – Northern Solutions for Northern Housing*. *Building for the Future* will define the NWTHC's strategic priorities, listing actions to be taken in the coming years. This strategic framework renews the NWTHC's commitment to residents to build and strengthen housing programs and services.



It is important to recognize the contributions made by many and publicly acknowledge their dedication to the Shelter Policy Review process. To the numerous residents who participated in the interviews, the many meetings and who answered the survey, a sincere thank you. We heard you and your participation helped guide the NWTHC in identifying its priorities.

A total of \$95,400,000 was invested in construction, program delivery, and in renovation projects in this fiscal year. Both federal and territorial investment in these activities will extend the life of housing units within the NWTHC's rental housing portfolio, as well as private homes that receive repairs through an NWTHC repair program.

It is important for the NWTHC to continue working in partnership with the Government of Canada to provide sustainable housing in the NWT. On August 1, 2011, the NWTHC assumed the Co-Chair position of the Federal-Provincial-Territorial Housing Forum alongside the Canada Mortgage and Housing Corporation for a two-year period. This provides the NWTHC with the unique opportunity to influence housing and its funding for years to come.

In December 2011, the Government of the Northwest Territories signed the *Investment in Affordable Housing* bilateral agreement with the Government of Canada. This agreement provides the NWTHC with the flexibility to address the housing needs and priorities of the Northwest Territories.

Lastly, I would like to thank our tenants and clients, the staff of the NWTHC and our community partners, the Local Housing Organizations and community services agents for their dedication and unrelenting hard work as we work for you in the delivery of housing programming and services. Through continued collaboration, I believe that our collective vision can help us achieve the Legislative Assembly's goal of sustainable, vibrant, safe communities.

A handwritten signature in black ink, appearing to read "Robert C. McLeod".

The Honourable Robert C. McLeod  
Minister Responsible for the Northwest Territories Housing Corporation



# MESSAGE FROM THE PRESIDENT AND CEO

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It was an honour to accept the position of President and Chief Executive Officer on November 21, 2011. The NWTHC's focus has been on working together with people to deliver the best housing programs and services for Northerners.

The Shelter Policy Review was a major undertaking that was needed in order to guide this focus by setting the future priorities for the NWTHC. The review involved: an evaluation of our homeownership programs; an in-depth appraisal of the public housing rent scales; a review of programs and services available to residents throughout the housing continuum, and extensive consultations with stakeholders. A significant component of the review was an analysis of the differences between market and non-market communities and how best to promote self-reliance rather than creating dependency on government for our personal housing choices.



In anticipation of improvements to the Public Housing Program resulting from the Shelter Policy Review, the NWTHC implemented a one-time moratorium on public housing evictions due to arrears for the period of December 8, 2011, to April 1, 2012. The moratorium provided tenants with arrears with an opportunity to become successful tenants by working with Local Housing Organizations to enter into a repayment plan to catch up on their arrears.

The NWTHC also completed the work required to implement a formal appeal process for our clients of NWTHC programs, including public housing. It is anticipated that by the fall of 2012, an arms-length multi-disciplinary Appeal Committee will be in place and ready to hear appeals. Committee members will be from the public at large, as well as, experienced representatives from the GNWT. The NWTHC looks forward to the Committee's contribution to improving programs and services for NWT residents.

Our efforts, along with our national housing counterparts, continue to secure more funding from the federal government. Over the past year, investments by the NWTHC have further resulted in the construction of 28 replacement public housing units and 13 new Homeownership Entry Level Program units. With the combined contribution under the Investment in Affordable Housing Agreement 2011-2014 from the federal government and dollar-for-dollar matching by the GNWT, we have modernized and improved 82 housing units and 32 shelter units. Private homeowners received 362 programs to assist with the purchase or repairs to their homes.

In closing, I wish to express my sincere thanks to the staff of the NWTHC, our community partners and NWT residents for your support, contributions and dedication to improve housing in the NWT. I hope you find this year's annual report informative and illustrative of the activities undertaken by the NWTHC on behalf of NWT residents.

A handwritten signature in blue ink, appearing to read 'David Stewart', written over a white background.

Mr. David Stewart  
President and CEO  
Northwest Territories Housing Corporation





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# CORPORATE PROFILE

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## Mission Statement

The Northwest Territories Housing Corporation (NWTHC) provides access to adequate, suitable, and affordable housing. Through the provision of housing programs and services, the NWTHC contributes to the health and education of NWT residents and to the development of sustainable, vibrant and safe communities.

## Goals:

- Increase the supply of adequate, suitable and affordable housing in communities to address the housing needs of NWT residents;
- Acquire and plan for sufficient land for the purpose of providing affordable housing;
- Provide homeownership and rental programs and services that are effective and appropriate;
- Enhance the long term sustainability and energy efficiency of housing in the NWT, and;
- Promote personal responsibility and accountability for housing through community based training and support.

# CORPORATE STRUCTURE

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## Corporate Summary

The Northwest Territories Housing Corporation provides social and market housing programs and services, including subsidized rental housing, subsidized homeownership programs (including purchase and repairs), and the provision of unsubsidized rental housing. 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 continues to work in partnership with the Canada Mortgage and Housing Corporation (CMHC) to cost-share the development and improvement of housing infrastructure across the NWT. At the community level, the NWTHC partners with Local Housing Organizations (LHOs) and community service agents, such as municipalities and bands to manage and administer the public housing portfolio in 30 communities.

## Branches

**Executive** – The Executive provides overall leadership and management of the NWTHC and coordinates with government departments and agencies in addressing the housing needs across the NWT. This includes the provision of essential oversight and direction of the NWTHC in strategic planning, policy, corporate communications and operations. The Executive is also responsible for providing support to the Minister Responsible for the Northwest Territories Housing Corporation in carrying out the strategic direction of the Legislative Assembly.

# CORPORATE STRUCTURE

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**President's Office** – The President's Office is responsible for supporting the Minister Responsible for the NWTHC, coordinating the development and implementation of government direction related to housing, leading the senior management of the NWTHC and providing overall management and leadership of the NWTHC.

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

**Finance and Infrastructure Services Branch** – Finance and Infrastructure Services is comprised of two divisions: Finance and Administration and Infrastructure Services. Through these two divisions, the branch manages and administers the NWTHC's financial services, capital planning, land acquisition and planning, information services, asset management and infrastructure delivery.

**Finance and Administration Division** - This division has oversight of the financial affairs of the NWTHC and LHOs which includes controllership functions, financial planning, capital planning and budget development, the provision of accounting services, reporting and monitoring, treasury services, audit support, mortgage and debt administration, revenue administration and providing financial advice to senior management and stakeholders. Finance and Administration is also responsible for the NWTHC's information systems, information management and safeguarding the NWTHC's assets, which includes mortgage interests.

**Infrastructure Services Division** – This division is responsible for the planning, design, procurement and leads the delivery of capital infrastructure projects in support of the NWTHC's rental and homeownership programs. It also plans for and acquires tenured lands and administers land in support of the NWTHC's construction activities. Infrastructure Services is also responsible for the Maintenance Management Program of the NWTHC's rental housing portfolio in order to ensure its long-term sustainability and energy efficiency.

**Programs and District Operations Branch** - This branch, which includes the Program Development and Implementation section and the NWTHC's five District Offices provides corporate support 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 optimize the NWTHC's responsiveness to housing needs in the NWT and ensures a continuity of approach to program delivery and implementation.

**Program Development and Implementation** works closely with district and community housing providers, Local Housing Organizations (LHOs), to ensure compliance with existing policies and procedures, as well as developing and updating operational policies while ensuring that District Offices and LHOs have the support and capacity required to effectively deliver the NWTHC's programs and services.

# CORPORATE STRUCTURE

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**NWTHC District Offices** - The five District Offices support communities in program and service delivery. District Offices are responsible for the administration of district capital activities and program delivery. District Offices also play a pivotal role in lands acquisition and development, maintenance, and training, and work closely with external stakeholders at the community level. District Offices work with LHOs and NWT residents to identify options and programming to assist individuals in decision making regarding their housing needs. An important component of the relationship between District Offices and clients are the services related to mortgage advice and counseling, as well as, services provided to clients under the Homeownership Entry Level Program (HELP) designed to prepare them for future homeownership.

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

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

## **Sahtu District Office:**

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

## **North Slave District Office:**

This District Office supports the communities of: Behchoko, Dettah, Gameti, Lutsel K'e, N'dilo, Wekweeti, Whati and Yellowknife.

## **South Slave District Office:**

This District Office supports the communities of: Enterprise, Hay River, Hay River Reserve, Kakisa, Fort Providence, Fort Resolution and Fort Smith.

## **Nahendeh District Office:**

This District Office supports the communities of: Fort Liard, Fort Simpson, Jean Marie River, Nahanni Butte, Trout Lake and Wrigley.

# CORPORATE STRUCTURE

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**Local Housing Organizations (LHOs)** – LHOs, operating as agents of the NWTHC, are responsible for the administration of social housing rental units in the majority of the communities across the NWT. This includes public housing units, as well as, other rental units owned by the NWTHC. 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. The NWTHC, in partnership with 21 LHOs along with community service agents, administers approximately 2,400 public housing units in 30 communities across the NWT. LHOs provide, under agreement with the NWTHC, 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. Each local housing organization has an advisory board that oversees LHO operations.

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

- Aklavik Housing Association
- Behchoko Ko Gha K'òdè
- Deline Housing Association
- Fort McPherson Housing Association
- Fort Providence Housing Association
- Fort Resolution Housing Authority
- Fort Simpson Housing Authority
- Fort Smith Housing Authority
- Hay River Housing Authority
- Inuvik Housing Authority
- Lutsel K'e Housing Authority
- Norman Wells Housing Authority
- Paulatuk Housing Association
- Radilih Koe Housing Association
- Sachs Harbour Housing Association
- Tsiigehtchic Housing Association
- Tuktoyaktuk Housing Association
- Tulita Housing Association
- Ulukhaktok Housing Association
- Yellowknives Dene Band
- Yellowknife Housing Authority

# NWTHC PROGRAMS

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Each year in late summer and early fall, the NWTHC provides an opportunity for residents to access homeownership programs that provide funding for the purchase of a modest private home, or to make repairs to their homes or obtain assistance with annual preventative maintenance. Potential first time homeowners can also access a leasing program that allows them to experience the commitments required to be a successful homeowner if they are not ready to own a home yet. The NWTHC's programs are governed by policies that define eligibility criteria to ensure that it assists those individuals who do not have the necessary income to address their own housing needs and to ensure programs are delivered fairly and equitably.

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 determine the best program that will fit an individual's or a household's needs.

## **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 agents to manage the public housing portfolio. Currently, the NWTHC operates approximately 2,400 public housing units, which are managed by LHOs and community services agents, located in 30 communities throughout the NWT.

## **Homeownership**

*Housing Choices* is a suite of homeownership programs offered to residents of the Northwest Territories. The simplified structure of the four programs offers flexible delivery options, is more accessible to NWT residents and also meets the needs of special interest groups. *Housing Choices* uses education and counselling to help residents not only to become more independent but also to assist them in becoming successful homeowners.

The four programs offered through *Housing Choices* are:

- Providing Assistance for Territorial Homeownership (PATH)
- Contributing Assistance for Repairs & Enhancements (CARE)
- Homeownership Entry Level Program (HELP)
- Solutions to Educate People (STEP)

# NWTHC PROGRAMS

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## **PATH**

Providing Assistance for Territorial Homeownership (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 is provided in the form of a forgivable loan offered in increments based on eligibility. Levels of assistance range from \$10,000 to \$125,000. The forgiveness period of the loan is dependent on the amount of assistance provided. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities.

## **CARE**

Contributing Assistance for Repairs & Enhancements (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. Additional assistance is available for improving the accessibility of dwellings for persons with disabilities. Assistance from between \$10,000 and \$90,000 is provided in the form of a forgivable loan to subsidize the cost of repairs and renovations. The forgiveness period is dependent on the amount of assistance being provided.

CARE also provides assistance for preventative maintenance and minor repairs. Clients can apply for up to \$2,000 annually.

## **HELP**

Homeownership Entry Level Program (HELP) provides assistance to prospective first-time homebuyers. Clients who are not able to secure mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity of experiencing homeownership commitments before purchasing a home.

Clients enter into a two-year lease for an NWTHC home and pay 20% of their gross income towards rent and shelter costs (power, water delivery, etc). After successfully completing a two-year lease period, the clients receive an equity contribution that can be used towards the purchase of a home.

## **STEP**

Solutions to Educate People (STEP) provide education and counselling assistance consisting of four courses designed to prepare participants for the requirements of homeownership. STEP aims to increase homeownership applicants' financial skills, as well as, their knowledge of the home purchase process and basic home maintenance repairs.

All residents are encouraged to participate in STEP programs when they are offered in various communities. Priority is given to Housing Choices applicants and clients.



# NWTHC PROGRAMS

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## Partnership with Canada Mortgage and Housing Corporation

The NWTHC partners with the CMHC for the delivery of federal housing programs. The programs delivered on CMHC's behalf are: programs transferred under the Social Housing Agreement, the Affordable Housing Program 2011-2014, and several repair programs. The repair programs are: Home Adaptations for Seniors Independence (HASI), the Homeowner Residential Rehabilitation Assistance Program (RRAP), the Emergency Repair Program (ERP) and the Shelter Enhancement Program (SEP). Access and assistance provided under the CMHC programs follow the policies and program requirements as determined by CMHC.

### HASI:

The Home Adaptations for Seniors Independence provides financial assistance to clients to carry out minor home adaptations.

### RRAP:

The Residential Rehabilitation Assistance Program provides financial assistance to lower-income homeowners needing to repair their homes to a minimum level of health and safety.

### ERP:

The Emergency Repair Program assists clients with emergency repairs for the safe occupancy of their homes.

### SEP:

The Shelter Enhancement Program provides financial assistance for repair and improvements to sponsors of shelters for victims of family violence. This could include funding for repair/rehabilitation/improvements to existing shelters to an acceptable level of health, safety and security for occupants and accessibility for persons with disabilities.



# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Major and Minor Capital Spending

Overall, the NWTHC provided housing programs at a value of \$29,211,000 in fiscal year 2011-2012.

The following chart reports the programs and financial assistance under major and minor capital provided to NWT residents by the NWTHC during fiscal year 2011-2012. The data is presented as a breakdown by regional basis and territorial wide then follows with amount of approved applications for homeownership programs offered through the NWTHC.

### Beaufort-Delta District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 3,727,000
Major M&I	\$ 2,151,000
Minor M&I	\$ 1,238,000
<i>Homeownership Programs</i>	
New Units	\$ 604,000
Repair	\$ 1,753,000
<b>Total</b>	<b>\$ 9,473,000</b>

### Sahtu District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 88,000
Major M&I	\$ 1,232,000
Minor M&I	\$ 306,000
<i>Homeownership Programs</i>	
New Units	\$ 47,000
Repair	\$ 590,000
<b>Total</b>	<b>\$ 2,263,000</b>

### Nahendeh District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 0
Major M&I	\$ 753,000
Minor M&I	\$ 442,000
<i>Homeownership Programs</i>	
New Units	\$ 285,000
Repair	\$ 1,739,000
<b>Total</b>	<b>\$ 3,219,000</b>

### South Slave District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 743,000
Major M&I	\$ 2,155,000
Minor M&I	\$ 836,000
<i>Homeownership Programs</i>	
New Units	\$ 125,000
Repair	\$ 2,588,000
<b>Total</b>	<b>\$ 6,447,000</b>

### North Slave District

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 1,600,000
Major M&I	\$ 544,000
Minor M&I	\$ 1,790,000
<i>Homeownership Programs</i>	
New Units	\$ 2,617,000
Repair	\$ 1,258,000
<b>Total</b>	<b>\$ 7,809,000</b>

### Northwest Territories

Activity	Dollar Value
<i>Public Housing</i>	
Replacement	\$ 6,158,000
Major M&I	\$ 6,835,000
Minor M&I	\$ 4,612,000
<i>Homeownership Programs</i>	
New Units	\$ 3,678,000
Repair	\$ 7,928,000
<b>Total</b>	<b>\$ 29,211,000</b>

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Homeownership Repair Programs

Approved programs offered through the NWTHC in 2011-2012.

### Beaufort-Delta District

Program	Number of Programs
CARE (under \$2000)	16
CARE (over \$2000)	31
PATH	0
HELP	12
CMHC Programs	17
<b>Totals:</b>	<b>76</b>

### Sahtu District

Program	Number of Programs
CARE (under \$2000)	0
CARE (over \$2000)	1
PATH	0
HELP	3
CMHC Programs	18
<b>Totals:</b>	<b>22</b>

### Nahendeh District

Program	Number of Programs
CARE (under \$2000)	15
CARE (over \$2000)	13
PATH	1
HELP	9
CMHC Programs	32
<b>Totals:</b>	<b>70</b>

### South Slave District

Program	Number of Programs
CARE (under \$2000)	14
CARE (over \$2000)	30
PATH	10
HELP	11
CMHC Programs	48
<b>Totals:</b>	<b>113</b>

### North Slave District

Program	Number of Programs
CARE (under \$2000)	43
CARE (over \$2000)	21
PATH	3
HELP	6
CMHC Programs	8
<b>Totals:</b>	<b>81</b>

### Northwest Territories

Program	Number of Programs
CARE (under \$2000)	88
CARE (over \$2000)	96
PATH	14
HELP	41
CMHC Programs	123
<b>Totals:</b>	<b>362</b>

# NWTHC PROGRAM DELIVERY IN A SNAPSHOT

## Public Housing Program

Expenditures for the Public Housing Program in 2011-2012 totaled \$44,466,000. 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 more than 2400 Public Housing units which are managed by LHOs and community partners located in 30 communities throughout the NWT.

### Beaufort-Delta District

Program	Number of Programs
Number of Units	882
Expenditures	\$19,429,000
Tenant Assessed Rent	\$2,151,076
Collection Rate	99%

### Sahtu District

Program	Number of Programs
Number of Units	272
Expenditures	\$5,703,000
Tenant Assessed Rent	\$432,972
Collection Rate	122%

### Nahendeh District

Program	Number of Programs
Number of Units	124
Expenditures	\$1,975,000
Tenant Assessed Rent	\$263,601
Collection Rate	73%

### South Slave District

Program	Number of Programs
Number of Units	537
Expenditures	\$6,966,000
Tenant Assessed Rent	\$1,097,128
Collection Rate	84%

### North Slave District

Program	Number of Programs
Number of Units	618
Expenditures	\$10,393,000
Tenant Assessed Rent	\$2,254,915
Collection Rate	78%

### Northwest Territories

Program	Number of Programs
Number of Units	2,433
Expenditures	\$44,466,000
Tenant Assessed Rent	\$6,199,692
Collection Rate	89%

\* The Collection Rate is calculated using actual collections divided by the Tenant Assessed Rent. Collections includes payments on rental arrears, which may result in collections rates over 100%.

# PUBLIC HOUSING UNIT CONDITION RATINGS

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Each year, the Northwest Territories Housing Corporation (NWTHC) and its Local Housing Organizations and community services agents, conduct unit condition ratings on NWTHC owned public housing units. This yearly exercise does not apply to units leased from private landlords.

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 direct the NWTHC on how best to use its scarce financial resources and where best to invest.

The unit condition ratings influence the capital planning process. The yearly capital planning process considers future M&I projects based on the condition of our existing public housing stock. Condition ratings are also done to determine when older units need to be replaced or be scheduled for demolition. In addition, the data collected through the unit condition ratings allow a planned approach to mitigate the financial pressures in the longer term while keeping 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 plans for a 50-year life at construction time for its 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 on the next page provides a snapshot of the condition of the public housing stock for the fiscal year 2011-2012. Unit condition ratings are finalized in the month of October of each year.

Different levels of condition ratings determine the level of M&I that needs to be done to maintain the quality of housing for our tenants. For units with condition ratings 60% or lower, they undergo further detailed evaluation to determine whether to provide more M&I or if it is best to dispose of the unit and replace it.



# PUBLIC HOUSING UNIT CONDITION RATINGS

NWTHC owned Public Housing Unit Condition Ratings for 2011						
Community	Unit Condition Ratings					TOTAL UCRs Completed to Date
	Under 60%	60% to 69%	70% to 79%	80% to 89%	90% to 100%	
<b>NORTH SLAVE</b>						
Behchoko	27	31	40	34	19	151
Dettah	0	0	0	3	8	11
N'Dilo	0	0	0	3	2	5
Gameti	0	0	0	0	0	0
Lutsel K'e	0	0	0	1	21	22
Whati	0	1	3	3	9	16
Yellowknife	0	0	9	55	71	135
<b>TOTAL NORTH SLAVE</b>	<b>27</b>	<b>32</b>	<b>52</b>	<b>99</b>	<b>130</b>	<b>340</b>
<b>SOUTH SLAVE</b>						
Fort Providence	0	0	2	27	75	104
Fort Resolution	1	5	24	24	26	80
Fort Smith	0	5	37	22	79	143
Hay River	3	12	28	31	81	155
Hay River Reserve	0	0	0	5	0	5
<b>TOTAL SOUTH SLAVE</b>	<b>4</b>	<b>22</b>	<b>91</b>	<b>109</b>	<b>261</b>	<b>487</b>
<b>BEAUFORT DELTA</b>						
Aklavik	9	10	16	36	63	134
Fort McPherson	0	4	2	31	87	124
Inuvik	4	23	56	71	49	203
Paulatuk	0	6	11	19	15	51
Sachs Harbour	0	1	0	1	16	18
Tsiigehtchic	0	0	0	6	15	21
Tuktoyaktuk	13	14	44	53	42	166
Ulukhaktok	1	8	30	37	17	93
<b>TOTAL BEAUFORT DELTA</b>	<b>27</b>	<b>66</b>	<b>159</b>	<b>254</b>	<b>304</b>	<b>810</b>
<b>SAHTU</b>						
Deline	24	25	16	10	10	85
Fort Good Hope	3	4	8	10	20	45
Norman Wells	4	8	12	6	3	33
Tulita	0	2	10	39	17	68
<b>TOTAL SAHTU</b>	<b>31</b>	<b>39</b>	<b>46</b>	<b>65</b>	<b>50</b>	<b>231</b>
<b>NAHENDEH</b>						
Fort Simpson	0	1	6	18	59	84
Wrigley	0	0	0	2	6	8
Fort Liard	0	1	3	2	14	20
<b>TOTAL NAHENDEH</b>	<b>0</b>	<b>2</b>	<b>9</b>	<b>22</b>	<b>79</b>	<b>112</b>
<b>TOTAL ALL DISTRICTS</b>	<b>89</b>	<b>161</b>	<b>357</b>	<b>549</b>	<b>824</b>	<b>1980</b>

\*Information as of March 31, 2012

# SHELTER POLICY REVIEW AND BUILDING FOR THE FUTURE

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In conjunction with the GNWT's Department of the Executive, the NWTHC undertook a complete shelter policy review in 2011-2012. The purpose of the review was to refocus the GNWT's approach to the provision of housing programs, services and supports to residents at the varying stages of the housing continuum.

The Shelter Policy Review involved an independent evaluation of the Housing Choices programs, a review of public housing rental subsidy for which the transfer of administration from Education, Culture and Employment was completed on March 31, 2011, and engagement with community representatives, key informant groups, Local Housing Operations, District Staff and residents and clients. As well, a survey related to housing issues was available for all NWT residents to share their views on housing. The survey was accessible on the NWTHC website and at LHO and NWTHC District Offices.

The key output resulting from the Shelter Policy Review will be the NWTHC's Strategic Framework *Building for the Future, Northern Solutions for Northern Housing* that will be tabled in early 2012-2013. The strategic framework will build on the success of existing housing programs and services. The framework incorporates changes where they are needed. As well, the framework will propose new programming and services where gaps were identified in meeting the housing needs of NWT residents across the spectrum, from homelessness to homeownership.

This strategic framework will outline eight strategic priorities and a number of related actions which will begin to be implemented in 2012-13. The eight key priority areas include the following:

- Strengthening Public Housing
- Improving Homeownership Supports
- Increasing Housing Options in Non-Market Communities
- Improving Housing Services
- Strengthening the Approach to Homelessness and Transition Housing
- Addressing Housing Challenges for the Working Poor
- Developing Infrastructure Solutions Based on Individual and Community Needs
- Addressing Declining Federal Funding

One of the key actions identified during the Shelter Policy Review was that NWT residents said that they wanted the rent charged for public housing to be more simple, predictable and fair. They also wanted the new rent scale to reduce dependency on government programs, encourage self-reliance and personal responsibility, and address disincentives to work. A new public housing rent scale was developed to be implemented July 1, 2012. Public housing tenants will pay between 4.2% and 19.5% of their gross income in rent with new minimum and maximum rents based on the new rent scale.

All of the actions set out in the strategic plan will form the foundation on which the NWTHC can continue to build and strengthen the delivery of housing programs, services and supports to those in need.

## **INVESTMENT IN AFFORDABLE HOUSING AGREEMENT 2011-2014**

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In July 2011, a combined investment of \$1.4 billion dollars was announced by the federal, provincial and territorial ministers responsible for housing under a new Affordable Housing Framework. This new investment in housing spans the period from 2011 to 2014. The financial support will assist in reducing the number of Canadians in housing need.

The Framework defined the approach and served to guide discussions between the federal government and its provincial and territorial counterparts in negotiating bilateral arrangements for the combined affordable and renovation housing funding envelope of federal housing funds between 2011 and 2014. The Framework acknowledges the diversity of affordable housing needs of Canadians throughout Canada. As such, initiatives under the Framework will recognize the specific housing needs within each of the provinces and territories jurisdictions. Initiatives to be developed as a result of the Framework's parameters can include new construction, renovation, homeownership assistance, rent supplements, shelter allowances and accommodations for victims of family violence.

On December 20, 2011, the governments of Canada and the Northwest Territories announced the signing of the bilateral agreement between the two levels of government, which now governs the access to financial resources designated for housing for the next three fiscal years. The bilateral agreement outlines the combined investment of \$11 million under a *Investment in Affordable Housing* agreement until 2014. The NWT HC will receive \$1,840,000 million in federal funding in each of the three years of the agreement. In addition, \$1,840,000 will be matched yearly by the GNWT.

The Northwest Territories will use the funding to create new and renovate existing affordable housing for households in need. The Agreement also acknowledges that the NWT HC has the primary responsibility for the design and delivery of programs. This flexibility provides the Northwest Territories with the ability to effectively address housing needs and priorities.

## **STRENGTHENING OUR APPEALS PROCESS**

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The NWT HC continued its work in Fiscal Year 2011-2012 in developing a comprehensive housing appeal process for applicants and tenants of its Public Housing Program and applicants and clients of its Housing Choices homeownership programs.

Concerns expressed by NWT residents and the Legislative Branch of the Northwest Territories has led to the development of an independent appeal mechanism so that residents could be heard and have their particular issue reviewed independently.

In May 2011, the NWT HC presented potential models of housing appeal committee structures as well as revised appeal processes to the Standing Committee on Economic Development and Infrastructure (SCEDI). The NWT HC welcomed the valuable input and direction provided by SCEDI.

In response to direction from SCEDI, the NWT HC put in place a multi-disciplinary Housing Appeal Committee comprised of senior GNWT employees and members of the general public. The Housing Appeal Committee will provide an arms-length and more independent structure for resolving housing complaints.



## STRENGTHENING OUR APPEALS PROCESS

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It is anticipated that the housing appeal process will improve client service, develop a more pro-active response to housing policy and procedures which may result in policy adjustment, contribute to the promotion and establishment of increased consistency in decision-making, and standardize interpretations and applications of policies. It is expected that the addition of a formal Housing Appeals Committee to the existing appeals process will also increase our collective understanding of social housing programs offered in the NWT.

The NWTHC is focused on communicating with those we serve. The appeal process provides an opportunity for program applicants/tenants/clients to not only receive information, but to provide valuable input and feedback regarding our processes, policies and procedures.

The NWTHC's appeal process options aim to be fair, transparent and effective in order to achieve the following goals:

- to complement existing NWTHC and LHO appeal practices;
- to provide a formal mechanism for applicants/clients/tenants to identify issues with the application and approval process;
- to provide an arms-length and more independent structure for resolving complaints;
- to communicate and adequately explain decisions, and;
- to identify areas where more policy rigor is required.

The appeal committee's objective will be to review whether policies were interpreted and applied correctly. The Housing Appeal Committee can also make recommendations to the NWTHC for revisions to improve its policies. The Committee will have the authority to request that action be taken by the NWTHC to either revise or replace decisions in order to make them consistent with policies.

The NWTHC has targeted September 1, 2012, for the Housing Appeal Committee to be operating for the Public Housing Program and the *Housing Choices* homeownership programs. A training session for Housing Appeal Committee members has been planned for early summer 2012.

## MORATORIUM ON EVICTIONS DUE TO ARREARS

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The NWTHC and its community delivery partners are committed to working with public housing tenants in arrears by providing options and opportunities for them to repay debt while continuing to occupy their units. Delivery of the Public Housing Program is reliant on the collection of rent as the funding is used for the operations of LHOs and for re-investment into housing projects.

The NWTHC and its community service agents have an arrears repayment plan process which offers an easy solution for tenants to begin paying down their arrears. A repayment plan is tailored to the financial situation of the tenant and is not intended to place a tenant or former tenant into financial hardship. Repayment of arrears ensures that tenants respect their commitment to pay rent in exchange for a place to reside. For former tenants, they have the future possibility of returning to public housing or accessing other homeownership programs. During the repayment plan process, current and former tenants receive one-on-one counselling regarding their responsibilities and budgeting advice.

## MORATORIUM ON EVICTIONS DUE TO ARREARS

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On December 8, 2011, the Minister Responsible for the NWT HC announced a one-time temporary moratorium on evictions for public housing tenants with arrears. The moratorium was in effect from December 8, 2011, to April 1, 2012. The moratorium removed the worry for tenants who were facing an eviction due to arrears, and provided them with an opportunity to enter into a reasonable arrears repayment plan. The moratorium was not designed to give a reprieve to tenants who faced evictions for reasons other than arrears. A total of 54 tenants took advantage of this temporary eviction postponement.

## PROJECT PROFILE: BEHCHOKO FOUR-PLEX

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A newly built four-plex in Behchoko has provided a new, clean and safe environment for seniors in the community to live. The construction on the building began on August 2010, and was completed on April 2012.

The four-plex was part of a larger public housing project to replace 14 older public housing units located within a seniors' complex. The units within the complex required significant repairs and were very costly to operate and maintain. In fall of 2009, the NWT HC carried out demolition of the 14 units and relocated the tenants to other suitable places to live while replacement units were under construction.

Ten of the new units, including the four-plex, have been completed and the seniors have been able to move in with help from the LHO, said Andy Tereposky, District Director for the NWT HC's North Slave District.

Tereposky explained that the new four-plex provides tenants with brand new homes with modern amenities. The multi-plex configurations are also easier to maintain and cheaper to operate.

The NWT HC has incorporated visitable design features into these units that provide a basic level of accessibility necessary for elders and persons living with disabilities to maintain an independent lifestyle. Some of these features include an exterior ramp to allow wheelchair access which leads to a landing area with a low-profile threshold at the exterior door with wider doorways on all interior doors, and a barrier free bathroom on the main floor with grab bars. New homeownership and public housing designs for the 2012-2013 construction season will incorporate visitable design features.



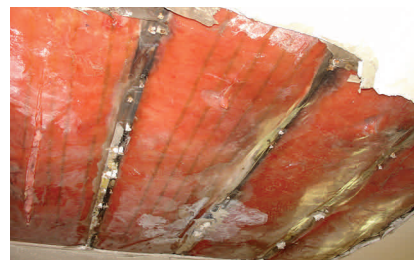
## CLIENT PROFILE: MAURICE ST. MARTIN

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Hay River's Maurice St. Martin is feeling much more comfortable in his home these days, thanks in part to one of the *Housing Choices* programs offered by the NWT HC. St. Martin lives in a three-bedroom, stick-built house that not so long ago was in need of repairs.

"(In the bedroom) Part of my ceiling was coming down," he said. He also pointed out that there was water leaking in the dining room and living room. In two of his bedrooms, St. Martin said he wouldn't open the doors when it rained because "you could smell the mould."

It was during a visit from his daughter that St. Martin was urged to look into the Contributing Assistance for Repairs & Enhancements (CARE) program. CARE provides financial assistance to private homeowners with homes in need of repairs to ensure they are living in a safe and healthy environment and increase the useful economic life of their home. Assistance is provided in the form of a forgivable loan.



Maurice St. Martin's Home During the Renovations

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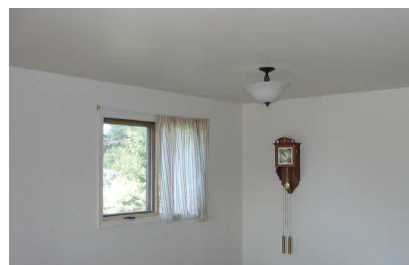
"I heard about the program years ago," St. Martin said, adding that he didn't think he would qualify. A visit to the South Slave District Office to find out more about CARE led to a home visit where a technical assessment was completed on his home. Shortly thereafter, he was informed that he qualified for assistance to repair his home under the CARE program.

"It was cold and damp (inside), even though he had his heat running all the time," said Melvin Larocque, Programs Advisor with the South Slave District Office.

The NWT HC hired a qualified contractor to do the repairs. "(They) had to remove the whole ceiling and a lot of insulation ... There were electrical problems I wasn't even aware of," St. Martin explained.

According to Larocque, the work on the home was considered a major retrofit due to the amount of repairs required. The bathroom was made more accessible, the exterior walls were re-insulated, the windows were replaced, the interior was repainted, the roof shingles were replaced, and proper duct work was done around the furnace. When the work was finished, it "looked almost like a new house," said Larocque, adding the air is cleaner and smells better. He said that the CARE program is ideal for major home repairs, with funding of up to \$90,000 available.

"I was very happy with the work that was done," St. Martin indicated. "They got rid of everything that was bad." He said he has been able to keep the doors of his two bedrooms open now as the smell of mould is gone. St. Martin, who suffers from a chronic lung illness, said he is more comfortable in his house now. "I'm quite happy with everything," he said.



Maurice St. Martin's Home After the Renovations

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## STAFF PROFILE: CHRISTOPHER CLARKE

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Christopher Clarke is a Technical Officer, Architectural, for the NWT HC. NWT born and raised, Christopher was born in Hay River and grew up throughout the North.

From an early age, it was clear that Christopher was destined to become an architect. “From the age of about 8, I remember drawing floor plans of houses that I lived in, and these drawings became more elaborate to the point where I was drawing hypothetical cities on large sheet of graph paper at around 12 to 14 years old. All I can remember wanting to be was an architect from a young age.”

After attending Sir John Franklin High School in Yellowknife, Christopher got his Bachelor in Environmental Science from the University of Calgary. From there, he went on to complete the four-year Masters of Architecture at the same institution. It was during this period that Christopher started working for the NWT HC as a summer student. Following a five-year stint working in Toronto, Christopher accepted his current position with the NWT HC.

Christopher points out that he has encountered added benefits by working for the NWT HC. “As a government agency, I am also able to do more research into sustainable architecture than I might in the private sector”. Christopher is also a licenced Leadership in Energy and Environmental Design (LEED) Accredited Professional, which qualifies him to design green buildings in Canada and the US. “As such, having the opportunity to examine the ways we use energy in the North and how to solve problems associated with using fossil fuels is fantastic”.

Christopher points out that the NWT HC faces challenges such as the extreme climate that other jurisdictions do not necessarily face. This causes much greater differences between exterior and normally accepted interior temperatures. Christopher points out that “we are constantly looking to improve our construction methods to optimize energy use to combat this discrepancy in temperature extremes”.

The son of a mother who is Yellowknife Chipewyan and his father who is part Mi'kmaq, Christopher focuses on Aboriginal culture and current architecture practices. During his schooling, Christopher won an award to do research at the Canadian Centre of Architecture. After this, his thesis was the conceptual design of the Northwest Territory Metis Nation Legislative Assembly in Fort Smith. For that design, Christopher also won the Alberta Association of Architects award for Best Thesis in his graduating class.

Currently, Christopher is the only person of Aboriginal heritage practicing architecture in any of the three Territories, and one of about 10 in Canada. “I am extremely interested in Aboriginal issues, which I get to address at the NWT HC. Here, I design and oversee designs of some of our buildings, many of which house First Nations individuals,” he remarks.

## OFFICE PROFILE: INFORMATION SERVICES

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The Information Services Division of the NWTHC managed some major projects for the NWTHC this past year. One of the most notable developments was the implementation of the new computer application called the Territorial Housing System (THS). It was the Division's biggest project during the 2011-2012 year and was very labour intensive, said Stephen Murphy, Information Systems Manager. THS was officially launched on April 1, 2012.

THS provides the ability for the NWTHC and community partners, Local Housing Organizations, to look at a public housing tenant's file in real time. This real time ability provides for better tracking of information such as wait time for public housing, unit size demand, rental payments and arrears. The information and statistics generated by THS strengthens the NWTHC's analytical capabilities.

THS has many advantages over the NWTHC's previous system as it is a more programs-focused system. It also provides NWTHC with up-to-date information that can help identify operations, policies and procedures in the Public Housing Program that could be improved.

Murphy explained that another major project being undertaken by Information Services is the new Maintenance Management System. Work began on the new system late in the year and will continue into next year. The current system has reached the end of its usable lifecycle and no longer meets the business requirements of the NWTHC.

The new Maintenance Management System is anticipated to be a centralized computer system that is easy to use and understand. It will allow for more effective maintenance management and will help to complete maintenance work on NWTHC assets.

The NWTHC's external website also underwent a total redesign, thanks in large part to Information Services. It is now much more modern and sleek in appearance. It is also more user friendly and easier to navigate. The website was launched officially on February 2, 2012.



Information Services (from left to right): Stephen Murphy (Manager), Colin Kipling (IT Systems Specialist), Karen Wasicuna (Records Coordinator), Rudi Mouthaan (Database Administrator/Programmer), Michelle Reddick (Information Systems Analyst), Stephen O'Brien (Information Systems Analyst), Niall Fitzgerald (Information Systems Business Analyst), and Dolphus Ferdinand (Service Desk Analyst).

# 2011-2012 LONG SERVICE AWARD RECIPIENTS

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## Five Years

**Janet Brown**, Materials Management Officer - Infrastructure Services  
**Stephen Daw**, District Comptroller - Sahtu District Office  
**Randy Jacobs**, Manager, Construction Services - Infrastructure Services  
**Shelly Martin**, Lands Officer - South Slave District Office  
**Paula MacFadyen**, Manager - Strategic Planning, Policy and Communications  
**Kelcy McDonald**, Manager, Programs - Beaufort Delta District Office  
**Daniel Mutua**, Technical Advisor - Beaufort Delta District Office  
**Jeff Polakoff**, President and CEO - Executive Office  
**John Robson**, Manager Design Development - Infrastructure Services  
**Kate Smith**, Technical Advisor, Architectural - Beaufort Delta District Office  
**Sandy Stewart**, Lands Officer - Beaufort Delta District Office  
**Crystal Wegernoski**, Contracts/Finance Administration - Sahtu District Office

## Ten Years

**Mike Jackson**, Manager, Information Systems - Information Systems  
**Jasmin Mirza**, Program Development Specialist - Programs and District Operations

## Fifteen Years

**Kevin Brooks**, Portfolio Management Officer - Finance and Administration  
**Franklin Carpenter**, Vice-President - Programs and District Operations

## Twenty-five Years

**David Klingbeil**, Technical Officer-Architectural - Infrastructure Services  
**David Stewart**, President and CEO - Executive Office



*Appendix A:*  
*Management Discussion and Analysis*  
*Fiscal Year 2011-2012*

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Highlights

### Shelter Policy Review

In 2011-2012, the NWT HC and the Department of the Executive led and completed a Shelter Policy Review which was a broad based examination of the GNWT's approach to the delivery of housing programs, services and supports to NWT residents.

The Shelter Policy Review included a variety of components including:

1. Widespread engagement with territorial residents and stakeholder groups;
2. An independent evaluation of the NWT HC's *Housing Choices* programs; and
3. A review of the Public Housing Program rent scale.

Findings from the Shelter Policy Review will drive the development of *Building for the Future: Northern Solutions for Northern Housing*, a long-term strategic framework for housing in the NWT that will direct strategic priorities and actions going forward.

### 1. Engagement

The Shelter Policy Review territory-wide public consultation, key interviews and presentations to stakeholder groups were conducted between May and early September and included:

- Workshops with regional and community representatives
- Meetings with NWT HC representatives,
- Workshops with Local Housing Organization Chairs and Managers
- Input from NWT residents through on-line questionnaire and statistical telephone survey
- Meetings and interviews with MLAs, NGOs, other stakeholder groups such as the Chamber of Commerce and the NWT Association of Communities and other GNWT departments.

### 2. Evaluation of Housing Choices

Introduced in February 2007, the NWT Housing Corporation's *Housing Choices* programs consists of four programs that offer flexible delivery options, enhanced accessibility to NWT residents and recognition of special interest groups including seniors and the disabled. The new structure includes a greater focus on education and counseling to help residents not only become more independent but also to assist them in becoming successful homeowners.

Housing Choices is composed of the following four (4) programs:

- **Providing Assistance for Territorial Homeownership (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.



# MANAGEMENT DISCUSSION AND ANALYSIS

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- **Contributing Assistance for Repairs & Enhancements (CARE)** assists existing homeowners in making necessary repairs to their home to ensure a safe and healthy residence and to increase the useful economic life of their home. There is also an annual preventative maintenance component of CARE to assist homeowners.
- **Homeownership Entry Level Program (HELP)** provides assistance to prospective first-time homebuyers. Clients who are not ready to enter into a mortgage financing or are unsure of their responsibilities as homeowners are provided the opportunity of experiencing homeownership commitments before purchasing a home.
- **Solutions To Educate People (STEP)** provides education and counseling assistance consisting of four courses designed to prepare participants for the requirements of homeownership. The courses are: Financial Skills I and II, Home Purchase and Home Maintenance and Repair.

Under PATH, CARE and HELP, the level of assistance is based on income, family size and community. Priority Allocation and Selection System (PASS) is used to ensure those in greatest need and special interest groups receive assistance first.

The development and implementation of cost-effective and efficient housing programs like *Housing Choices* are designed to promote housing affordability, address suitability issues and address adequacy problems, while encouraging communities to become sustainable, vibrant and safe. Thus, supporting overall government priorities of the 17th Legislative Assembly.

During 2011, the NWT Housing Corporation contracted an independent consulting firm to conduct an evaluation of the *Housing Choices* programs – specifically PATH, HELP and CARE. The evaluation was part of the original implementation plan for *Housing Choices*, which involved the completion of three (3) full delivery cycles before completing an evaluation. The evaluation was guided by a program analysis framework and focused on program relevance, efficiency of the programs and cost effectiveness. The evaluation reported the following results:

- **Program relevance:** It was generally reported that the *Housing Choices* programs were meeting the NWT HC's stated mandate and applicable goals and that assistance was provided through a fair and systematic way through the use of the Priority Allocation and Selection System (PASS). The review also noted that program relevance was dependent on whether applicants resided in market or non-market communities.
- **Program success:** It was reported that all three *Housing Choices* programs demonstrated some measure of success. Respondents indicated that CARE was the program that most effectively achieved its objectives in improving housing for participants. It was also noted that the Housing Corporation Information Management System (HCIMS) is a very effective tool for monitoring program performance.
- **Program cost effectiveness:** Since the programs are relatively new, the evaluation was limited in its ability to assess its cost effectiveness. A majority of respondents considered resources in place to deliver the *Housing Choices* program as adequate.

Of the 21 recommendations, the NWT HC accepted many of them and made changes during the 2011-2012 delivery. Other recommendations will be identified in the NWT Housing Corporation's strategic framework – *Building for the Future*.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## 3. Rent Scale Review

Another component of the Shelter Policy Review was a Public Housing Program Rent Scale Review that focused on many concerns regarding fairness and a disincentive to work. Elements of Public Housing Program that were examined included:

- the NWTHC's current practice of determining and assessing household income (gross income);
- a review of the relevance and appropriateness of the "rent-gear-to-income" sliding scale approach;
- an examination of the impacts of utilizing regional maximum unit rents versus community rents based on actual operating costs; and
- a review of subsidy levels for cost of living factors, students, tenants receiving income assistance, and seniors.

## Energy Initiatives

Energy efficiency is important to the sustainability and longevity of the NWTHC's public housing portfolio and to privately owned housing constructed or repaired under the NWTHC's homeownership programs. The NWTHC has committed to an energy efficiency standard for all designs to comply with Natural Resources Canada minimum high energy efficiency standard rating of 80 under the EnerGuide Rating System. The NWTHC has also completed over 250 ecoEnergy Home Evaluations on its public housing portfolio to identify the most cost effective energy efficiency upgrades for existing housing that will reduce energy costs.

In 2011-2012, the NWTHC invested \$6 million constructing 28 replacement Public Housing units. All these new units meet or exceeded a rating of 80 on the EnerGuide for Houses (EGH) rating system. A unit with a score of EGH 80 or higher is deemed to be a very energy efficient home. In addition, the NWTHC spent \$3.8 million to construct 13 new homeownership units. The NWTHC also invested \$1 million to complete energy efficient improvements to 53 public housing units under the Energy Priority Investment program. This targeted funding was used to replace older inefficient heating systems, upgrade insulation values, replace exterior doors and windows, and to seal air leaks in the 53 Public Housing units. This investment was in addition to \$6.1 million spent on the renovation and retrofits to improve the condition of an additional 129 housing units.

From 2008-2009 to 2011-2012, the NWTHC has seen a reduction of heating fuel consumption by 8.1%. This reduction in heating fuel consumption is directly attributed to the improved energy efficiency of the NWTHC's housing portfolio through the ongoing replacement of older public housing units with new energy efficient multi-family units and targeted investments in energy efficiency upgrades that provide the greatest impact on energy consumption.

## Apprentices and Training Opportunities

The NWTHC supports training and apprenticeship partnerships to ensure employees develop the needed skills in building trades and maintenance. In 2011-2012, the NWTHC invested \$669,000 to continue an Apprentice Support Program. The NWTHC targeted 10 LHO apprenticeship positions in 2011-2012 in non-market communities. Throughout the year, eight positions were filled while the other two positions were challenging to keep filled.

# MANAGEMENT DISCUSSION AND ANALYSIS

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In 2011-2012, two apprentices completed their program. One apprentice graduated to a journeyman Oil Burner Mechanic in Fort Simpson and another apprentice graduated to a journeyman Plumber in Behchoko.

In addition to the Apprenticeship Support Program, the NWT HC provided support to a carpentry course in Fort Simpson. Six students completed the introduction to carpentry program offered through Aurora College held from May to September 2011.

The NWT HC provided materials for the students to build 20 garbage boxes for NWT HC units in the District. The students also worked on various other projects. The NWT HC coordinated, through the support of a hired contractor, to involve the students in the construction of a three-bedroom Homeownership Entry Level Program (HELP) unit in Fort Simpson during July and August 2011.

This type of partnership has short-term and long-term benefits. The NWT HC hopes to see future projects completed at a reduced cost by utilizing local labour. In addition, Aurora College has an opportunity to train their students on a bona fide construction site. Students who successfully complete this training will result in more local labour available with construction experience that may decide to enter into the Apprenticeship Program.

## **Information System Development - Territorial Housing System**

The NWT HC initiated a project to replace the Rentscale application system as it had reached the end of its usable lifecycle. The Territorial Housing System (THS) was developed using in-house resources with the primary objective to improve the management of the Public Housing Program. The THS is a social housing tool which directly reflects the partnership with tenants and better informs decisions as they relate to housing programs. The THS was developed as a module of the Housing Corporations Information Management System (HC-IMS), in order to facilitate information sharing, system interoperability and increased reporting capabilities across the organization.

The THS went live in April, 2012, and provides the ability for the NWT HC and community partners, Local Housing Organizations, to look at a public housing tenant's file in real time. This real time ability provides better tracking of information such as wait time for public housing, unit size demand, rental payments and arrears. The information and statistics generated by the THS, strengthens the NWT HC's analysis ability and serves as a primary decision making tool in managing the various Housing Programs.

## **Housing for Staff**

One of the priorities of the government is to strengthen service delivery in communities. A challenge that persistently impacts recruitment and retention of staff is the lack of market housing available outside of major centres such as Yellowknife, Hay River and Inuvik. This uncertainty in staff accommodation can have negative impacts on the ability of many departments to deliver services in small communities.

# MANAGEMENT DISCUSSION AND ANALYSIS

In 2009-2010, the GNWT developed an initiative, Housing for Staff, that provides incentives to communities, Aboriginal Development Corporations, and private industry to construct, acquire or renovate housing in order to introduce more units suitable for rent by GNWT employees. The NWT HC delivered the initiative for the GNWT. Developer incentives included:

- A forgivable loan of up to \$25,000 per unit for the purpose of the development of housing for staff.
- The Corporate Loan Guarantee Program, which provides access to interim financing from private lenders through the provision of a loan guarantee from the NWT HC.
- The provision of construction management services to facilitate the completion of a project.

Through 2011-2012, a total of 11 forgivable loans were allocated resulting in the construction of 10 units across the NWT with one further unit still under construction.

The NWT HC is evaluating the results of this initiative to determine the extent that it addressed demand of new market housing in communities. Depending on the requirement for more housing suitable for staff, future programming may be developed by the NWT HC.

## Managing Risk / Pressures

The following table outlines the key pressures facing the Corporation and the strategies being employed to mitigate, to the extent possible, these risks:

Key Risks / Pressures	Mitigation Strategies
Declining CMHC Funding	<ul style="list-style-type: none"> <li>• Involvement with an inter-jurisdictional working group (provincial/territorial) to develop a strategic approach to engaging the Federal government.</li> <li>• Implementing a retrofit strategy that extends the design life of each public housing unit from 25 to 50 years by performing complete retrofits at years 20 and 35 after construction.</li> <li>• Build new multiplex units rather than fully detached units which are more cost effective to maintain.</li> <li>• Develop approaches under the Shelter Policy Review to offset the loss of Federal funding.</li> </ul>
Increase in Core Need (Quality of Housing and Affordability)	<ul style="list-style-type: none"> <li>• Continued allocation of funding under the Capital Budget towards the replacement or retrofit of the older public housing units.</li> <li>• Develop options under the Shelter Policy Review to establish affordable rents.</li> </ul>
Increased Utility Costs	<ul style="list-style-type: none"> <li>• Improved energy efficiency by ensuring all new housing designs comply with the EnerGuide for Houses (EGH) 80 rating.</li> <li>• Targeting all major retrofits to public housing units to be as close to the EGH 80 rating as possible.</li> <li>• Build new multiplex units rather than fully detached units, which are more cost effective to operate and maintain.</li> </ul>
Land Development Issues	<ul style="list-style-type: none"> <li>• Continue to work with community governments and the Department of Municipal and Community Affairs to identify and develop suitable land for residential construction.</li> </ul>
Local Housing Organizations - Financial Risk	<ul style="list-style-type: none"> <li>• Increased support to LHOs to enhance rent collections and the implementation of Deficit Management Plans to control expenditures.</li> </ul>

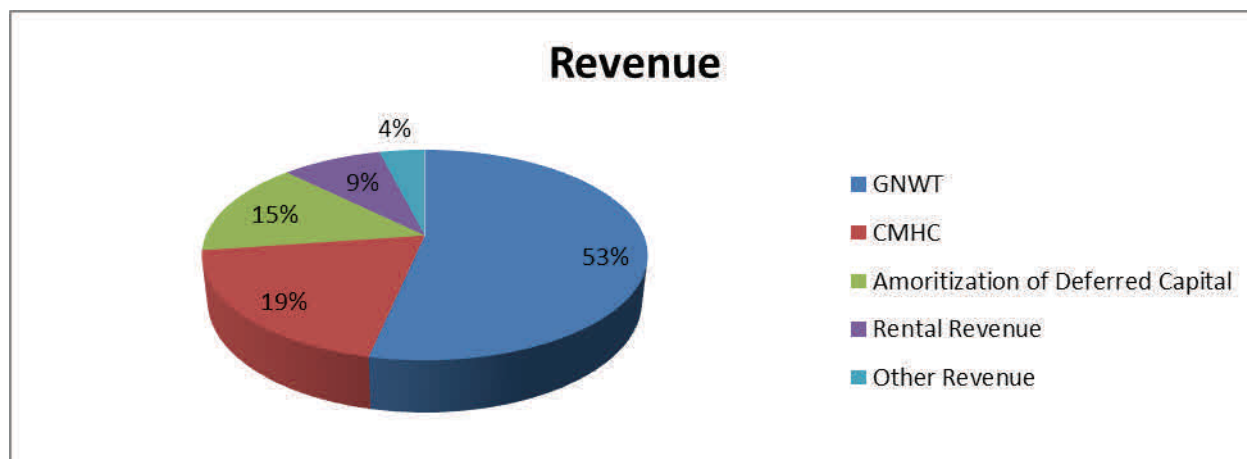
# MANAGEMENT DISCUSSION AND ANALYSIS

## Financial Results

### Revenues

Overall revenues for the Corporation were \$101.2 million in 2011-2012, an increase of \$2.0 million over the previous year's total of \$99.2 million. Government funding, from the GNWT and our Federal housing partner, the CMHC, rose from \$87.5 million to \$88.4 million. CMHC funding dropped by \$5.4 million to \$19.6 million as CEAP funding used for minor repairs to public housing units expired. This reduction was offset by an increase in GNWT funding of \$4.8 million to \$54 million and an increase in the amortization of deferred capital funding of \$1.5 million to \$14.8 million due to the increased investment in public housing under the CEAP initiative that resulted in an increase of \$16.8 million to the deferred capital funding account.

Revenue generated from operations amounted to \$12.8 million in 2011-2012, an increase of \$1.2 million over the \$11.6 million in revenue generated in 2010-2011. This is due primarily to an increase of \$1.0 million in the unsubsidized portion of rent revenue (tenant portion) received from public housing and homeownership rental programs, which amounted to \$8.8 million in 2011-2012. Other sources of revenue amounting to \$4.0 million consisted of recoveries from mortgages, investment revenue, gain on disposal of investments, mortgage interest revenue and other miscellaneous revenue and recoveries.



### Operating Expenditures

The Corporation's total operating expenditures for 2011-2012 were \$92.9 million, a 3% decrease over the previous year (2010-2011 - \$95.6 million). The costs of operating the public housing programs decreased by 4.8% to \$53.6 million, due primarily to a reduction in repairs and maintenance costs. These public housing programs costs continue to be the largest part of the Corporation's budget and represents 57.7% of the annual operating expenditures of the Corporation.

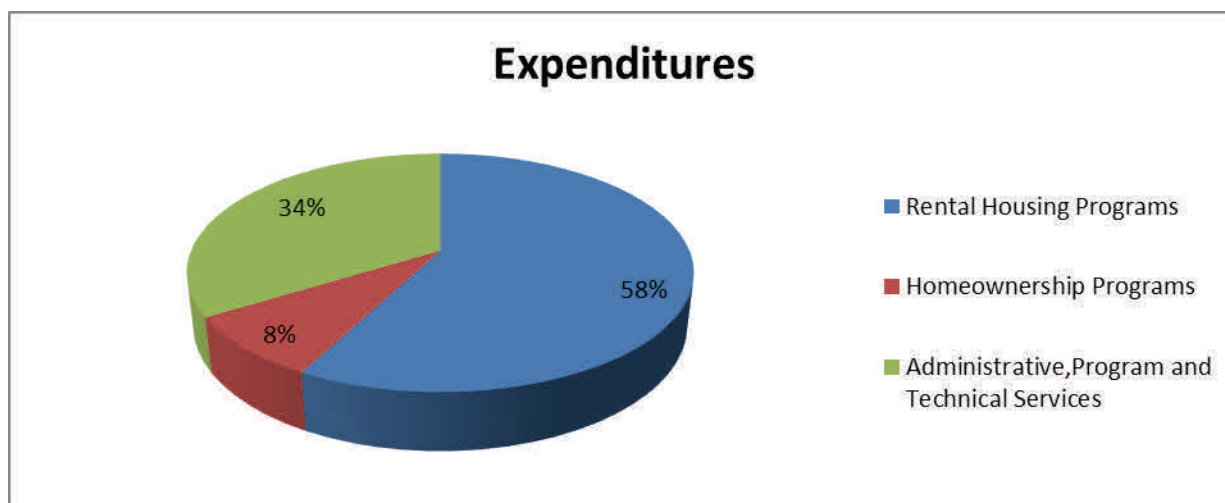
Rental housing expenditures on utilities, taxes and land leases were \$22.0 million in 2011-2012, a 13.4% increase over the \$19.4 million spent in 2010-2011. The ever increasing operating costs related to the Corporation's public housing programs and the ongoing decline in CMHC funding towards these operating costs continues to be an issue for the Corporation and requires the Corporation to limit its investment in any additional/new public housing units.

# MANAGEMENT DISCUSSION AND ANALYSIS

Building repairs and maintenance costs related to rental housing were \$5.2 million in 2011-2012, a decrease of \$5.5 million from the \$10.7 million spent in 2010-2011. This includes preventative and demand maintenance as well as repairs and upgrades under the modernization & improvement program to maximize the useful life of our public housing assets. With the expiration of the CEAP initiative, funding for minor improvement projects and renovations to social housing has decreased dramatically.

Homeownership assistance grants were \$7.9 million in 2011-2012, a decrease of \$1.7 million over the previous year amount of \$9.6 million. This funding is used for the provision of homeownership grants and contributions to support increased homeownership units and improvements to existing homeownership units.

The Corporation spent \$31.4 million in Administrative, Program and Technical Services in 2011-2012, an increase of \$1.7 million from the \$29.7 million spent in 2010-2011. Costs include administration support, program development and delivery, technical support services and maintenance activities that occurred at LHO, District office and Headquarters level.



## Financial Position

The Corporation continues to maintain a solid financial position in 2011-2012. The accumulated surplus has improved from \$52.9 million as of March 31, 2011, to \$61.2 million as of March 31, 2012, and the net financial resources increased from \$30.3 million as of March 31, 2011, to \$38.6 million as of March 31, 2012. This increase is due primarily to delays in the delivery of the Corporation's Infrastructure Plan and the requirement to carry over and defer capital projects as a result of capacity limitations.

The Corporation continues to maintain a positive net financial resources position to ensure future obligations can be met, particularly related to capital projects and contractual commitments and to mitigate financial risk associated with the \$25.9 million third party loans that the Corporation administers on behalf of CMHC. The Corporation indemnifies and saves CMHC harmless from all losses, costs and expenses related to these loans, as provided under the Social Housing Agreement. The Corporation also provided loan guarantees to private sector companies in support of new construction or improvements of residential housing across the north. The total outstanding balance of loans guaranteed was \$5.2 million as at March 31, 2012.

# MANAGEMENT DISCUSSION AND ANALYSIS

## Investment in Housing

As at March 31, 2012, the Corporation had \$235.6 million of investments in land and buildings, representing the amortized book value of 2,650 owned public housing, homeownership rental and market rental units. During the year, an additional investment of \$16.8 million was made in new properties or major renovation of existing properties. There were 43 housing units, with a carrying value of \$3.1 million, disposed of during the year through sale or demolition, 27 properties written down by \$0.8 million and \$11.7 million of property costs were amortized during the year.

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

	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013 Budget
<b>Revenues</b>						
GNWT	38.1	50.3	49.8	49.2	54.0	52.1
CMHC	20.6	20.3	22.4	25.0	19.6	18.3
Amortization of De-ferred Capital	8.7	11.6	11.6	13.3	14.8	12.6
Other	12.7	9.5	10.3	11.7	12.8	10.4
<b>Total Revenues</b>	<b>80.1</b>	<b>91.7</b>	<b>94.1</b>	<b>99.2</b>	<b>101.2</b>	<b>93.4</b>
<b>Expenses</b>						
Public Housing Pro-grams	48.3	46.4	51.3	56.3	53.6	54.0
Homeownership As-sistance Programs	2.3	2.2	4.7	9.6	7.9	9.0
Administrative, Pro-gram and Technical Services	28.6	27.2	30.2	29.7	31.4	30.4
<b>Total Expenses</b>	<b>79.2</b>	<b>75.8</b>	<b>86.2</b>	<b>95.6</b>	<b>92.9</b>	<b>93.4</b>
<b>Annual Surplus (Deficit)</b>	<b>0.9</b>	<b>15.9</b>	<b>7.9</b>	<b>3.6</b>	<b>8.3</b>	<b>-</b>

## Explanation of major variances over the five year period

### Revenues

- GNWT – contributions from the GNWT has been increasing on an annual basis to keep pace with forced growth requirements and to support new initiatives although the amount classified as revenue varies from year to year dependent on the portion of funding applied to investment in land and buildings.
- CMHC – funding from CMHC under the Social Housing Agreement (SHA) continues to decline on an annual basis. This was offset for fiscal years 2009-2010 and 2010-2011 as additional funding was provided under the Canada Economic Action Plan and a portion of this funding was used for various renovation projects that were not capital in nature.

# MANAGEMENT DISCUSSION AND ANALYSIS

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## Annual Surplus (Deficit)

- Public Housing Programs – Costs to administer the Public Housing programs continue to rise due primarily to inflationary pressures. Further expenses were incurred in fiscal year 2010-11 as additional one-time funding was provided to various Local Housing Organizations that were in accumulated deficit positions.
- Homeownership Assistance Programs – the funds available to provide as grants to homeowners (for the purchase or 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 NWT HC owned housing assets.
- For fiscal years 2008-2009, 2009-2010 and 2011-2012, the Corporation incurred substantial surpluses. This was due, in large part to the significant influx of Federal funding provided over fiscal years 2008-2009 through 2009-2010 and the ongoing capacity challenges incurred by the Corporation and the housing construction industry generally, to complete all projects as planned within a compressed timeframe.

## Inventory Value

As at April 1, 2010, some LHOs had audit concerns over the opening value of inventory held for use. Since opening inventories affect the determination of the results of operations and changes in net financial assets, auditors were unable to determine whether adjustments to the result of operations and changes in net financial assets might be necessary for 2011. This led to a qualification on the audited financial statements of these LHOs and of the Corporation's consolidated financial statements because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

## Directives

In accordance with Part IX, Public Agencies, Section 78 of the Financial Administration Act, where the Minister and the Executive Council are of the opinion that it is in the public interest, the Minister of Finance may issue a directive to a public agency respecting its financial management and financial administration. Any directive given to a public agency during any financial year must be reported in the financial statements of the public agency for that financial year. During fiscal year 2011-12, we report that there were no directives issues from the Minister of Finance to the Northwest Territories Housing Corporation.

## Write-off of Corporate Debt

As indicated in Part IX, Public Agencies, Section 84 of the Financial Administration Act any asset, debt or obligation written-off during the financial year that exceeds \$500 must be reported in the annual report of the public agency.

As indicated in Section 82 of the Financial Administration Act, a public agency such as the NWT HC has the authority to write-off debts or obligations up to \$20,000. Any write-off requests above \$20,000 require the express authority of an Act through the Legislative Assembly. The Corporation has delegated the authority to write-off debts or obligations up to \$10,000 to LHOs. When debts are written off it does not mean these debts are forgiven and the NWT HC can still collect on them. There were no reported write-offs for fiscal year 2011-2012.



*Appendix B:*  
*Independent Auditor's Report*

## 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. Ensuring that information in the Corporation's annual report is consistent with the consolidated financial statements is management's responsibility.

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 examination, in accordance with Canadian auditing standards, and expresses his opinion on the consolidated financial statements. The external auditor has full and free access to financial information of Northwest Territories Housing Corporation.

On behalf of Northwest Territories Housing Corporation



David Stewart  
President & CEO



J.B. (Jeff) Anderson, CGA, CPA  
Vice President  
Finance & Infrastructure Services

Yellowknife, Northwest Territories  
November 9, 2012



## INDEPENDENT AUDITOR'S REPORT

To the Minister responsible for Northwest Territories Housing Corporation

### Report on the Consolidated Financial Statements

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 2012, 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 qualified opinion on the results of operations and changes in net financial assets and my unmodified audit opinion on the financial position and cash flow.

*Basis for Qualified Opinion on the Results of Operations and Changes in Net Financial Assets*

Because of a lack of internal controls over inventory costing, I was unable to obtain sufficient appropriate audit evidence about the value of inventories as at 1 April 2010. Since opening inventories affect the determination of the results of operations and changes in net financial assets, I was unable to determine whether adjustments to the result of operations and changes in net financial assets might be necessary for 2011. My audit opinion on the consolidated financial statements for the year ended 31 March 2011 was modified accordingly. My opinion on the current year's consolidated financial statements is also modified because of the possible effects of this matter on the comparability of the current period's figures and the comparative information.

*Qualified Opinion on the Results of Operations and Changes in Net Financial Assets*

In my opinion, except for the possible effects on the comparative information of the matter described in the Basis for Qualified Opinion on the Results of Operations and Changes in Net Financial Assets paragraph, the consolidated statement of operations and accumulated surplus and consolidated statement of change in net financial assets present fairly, in all material respects, the results of operations and changes in net financial assets of the Northwest Territories Housing Corporation for the year ended 31 March 2012 in accordance with Canadian public sector accounting standards.

*Opinion on the Financial Position and Cash Flows*

In my opinion, the consolidated statement of financial position and the consolidated statement of cash flow present fairly, in all material respects, the financial position of the Northwest Territories Housing Corporation as at 31 March 2012 and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

***Report on Other Legal and Regulatory Requirements***

As required by the *Financial Administration Act* of the Northwest Territories, I report that, in my opinion, Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, proper books of account have been kept by the Northwest Territories Housing Corporation and the consolidated financial statements are in agreement therewith. In addition, the transactions of the Northwest Territories Housing Corporation that have come to my notice during my audit of the consolidated financial statements have, in all significant respects, been in accordance with Part IX of the *Financial Administration Act* of the Northwest Territories and regulations and the *Northwest Territories Housing Corporation Act* and regulations, with the exception that the Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report as described in the following paragraph.

Section 100 of the *Financial Administration Act* of the Northwest Territories requires the Northwest Territories Housing Corporation to submit its annual report to its Minister not later than 90 days after the end of its financial year, or an additional period, not exceeding 60 days, that the Minister of Finance may allow. The Northwest Territories Housing Corporation did not meet its statutory deadline for submitting its annual report to its Minister for the current fiscal year.



Terrance DeJong, CA  
Assistant Auditor General  
for the Auditor General of Canada

9 November 2012  
Vancouver, Canada

# NORTHWEST TERRITORIES HOUSING CORPORATION


## Consolidated Statement of Financial Position As at March 31, 2012 (in thousands)

	2012	2011
<b>Financial assets</b>		
Cash (Note 3)	\$ 15,395	\$ 15,734
Temporary investments (Note 4)	23,198	25,781
Portfolio investments (Note 5)	23,650	24,494
Accounts receivable (Note 6)	12,001	11,612
Mortgages receivable (Note 7)	2,547	2,127
	76,791	79,748
 <b>Liabilities</b>		
Bank indebtedness (Note 8)	1,548	1,879
Accounts payable and accrued liabilities (Note 9)	14,187	17,251
Deferred Revenue	178	7,239
Loans payable to Canada Mortgage and Housing Corporation (Note 10)	12,875	13,515
Obligations under capital leases (Note 11)	4,667	5,539
Post-employment benefits (Note 12)	4,757	4,036
	38,212	49,459
 <b>Net financial assets</b>	\$ 38,579	\$ 30,289
 <b>Non-financial assets</b>		
Tangible capital assets (Schedule A)	235,562	234,748
Deferred capital funding (Note 13)	(216,142)	(214,214)
Inventories held for use	3,040	1,878
Prepaid expenses	155	173
	22,615	22,585
 <b>Accumulated surplus</b>	\$ 61,194	\$ 52,874

Contractual obligations and contingencies (Notes 17 and 18)

Approved:

  
 Minister Responsible for the  
 Northwest Territories Housing Corporation

  
 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, 2012**  
(in thousands)

	<u>2012</u>		<u>2012</u>		<u>2011</u>
	<b>Budget</b>		<b>Actual</b>		<b>Actual</b>
<b>Net financial assets, beginning of the year</b>	\$ 30,289	\$	30,289	\$	25,770
Items affecting net financial assets:					
Annual surplus	-		8,320		3,542
Acquisition of tangible capital assets	(31,233)		(16,999)		(28,482)
Amortization of tangible capital assets	12,557		12,270		12,138
Disposal of tangible capital assets	-		3,097		2,813
Write-down to tangible capital assets			818		-
Increase in deferred capital funding	15,063		16,751		27,614
Amortization of deferred capital funding	(12,557)		(14,823)		(13,318)
Decrease (increase) in inventories held for use	-		(1,162)		216
Decrease (Increase) in prepaid expenses	-		18		(4)
Increase in net financial assets	<u>(16,170)</u>		<u>8,290</u>		<u>4,519</u>
<b>Net financial assets, end of year</b>	\$ <u>14,119</u>	\$	\$ <u>38,579</u>	\$	\$ <u>30,289</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, 2012**  
(in thousands)

	<u>2012</u> Budget	<u>2012</u> Actual	<u>2011</u> Actual
<b>Revenues</b>			
Government funding:			
Government of the Northwest Territories	\$ 52,270	\$ 53,957	\$ 49,182
Canada Mortgage and Housing Corporation (Note 14)	19,478	19,570	25,017
Reduction of deferred capital funding (Note 13)	12,557	14,823	13,318
	<u>84,305</u>	<u>88,350</u>	<u>87,517</u>
Generated revenues:			
Rental revenue	8,046	8,794	7,847
Recoveries from mortgages (Note 7)	1,300	1,425	1,936
Investment revenue	300	685	749
Gain on disposal of investments	500	1,153	293
Other revenue and recoveries	315	665	705
Mortgage interest revenue	900	125	123
	<u>11,361</u>	<u>12,847</u>	<u>11,653</u>
	<u>95,666</u>	<u>101,197</u>	<u>99,170</u>
<b>Expenses</b>			
Public housing programs:			
Utilities, taxes and land leases	21,978	21,993	19,399
Repairs, maintenance and other costs	6,924	5,240	10,694
Amortization	12,557	12,270	12,138
Contributions for public housing	5,063	6,405	6,748
Leasing	4,373	2,781	2,738
Interest on long-term debt	1,441	1,287	1,365
Contributions for market housing	890	1,202	1,388
Contributions for housing for staff initiative	250	150	50
Loss on disposal of tangible capital assets	-	1,439	1,782
Impairment loss on tangible capital assets		818	-
Homeownership assistance programs:			
Homeownership assistance grants (Note 7)	12,298	7,928	9,630
Administration (Note 15)	30,173	31,364	29,696
	<u>95,947</u>	<u>92,877</u>	<u>95,628</u>
<b>Annual surplus</b>	<b>\$ (281)</b>	<b>\$ 8,320</b>	<b>\$ 3,542</b>
<b>Accumulated surplus, beginning of year</b>		<u>52,874</u>	<u>49,332</u>
<b>Accumulated surplus, end of year</b>		<u>\$ 61,194</u>	<u>\$ 52,874</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, 2012 (in thousands)

	2012	2011
<b>Operating transactions</b>		
Cash received from:		
Government of the Northwest Territories	\$ 56,562	\$ 45,639
Canada Mortgage and Housing Corporation	11,129	33,865
Government funding used to acquire tangible capital assets	16,751	27,614
Rental revenue	6,276	6,932
Miscellaneous revenue and recoveries	1,288	1,130
	92,006	115,180
Cash paid for:		
Payments to and on behalf of employees	(24,732)	(24,308)
Payments to suppliers	(56,201)	(58,481)
	(80,933)	(82,789)
Cash provided by operating transactions	11,073	32,391
<b>Capital transactions</b>		
Acquisition of tangible capital assets	(16,999)	(28,482)
Proceeds on disposal of tangible capital assets	1,658	1,031
Cash used in capital transactions	(15,341)	(27,451)
<b>Financing transactions</b>		
Repayment of long-term debt and capital leases	(1,512)	(1,416)
Cash provided by financing transactions	(1,512)	(1,416)
<b>Investing transactions</b>		
Redemption of temporary investments	68,136	66,539
Purchases of temporary investments	(65,144)	(81,892)
Redemption of portfolio investments	13,578	12,333
Purchases of portfolio investments	(11,803)	(190)
Mortgage payments received	1,005	1,157
Cash used in investing transactions	5,772	(2,053)
<b>Increase (Decrease) in cash</b>	(8)	1,471
<b>Cash, beginning of year</b>	13,855	12,384
<b>Cash, end of year</b>	\$ 13,847	\$ 13,855
<b>Made of:</b>		
Cash	15,395	15,734
Bank indebtedness	(1,548)	(1,879)
	\$ 13,847	\$ 13,855

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, 2012

(all figures 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, Part IX of 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-three 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 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 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 receivable, the amortization of tangible capital assets and related deferred capital funding and the liability for post-employment benefits.

#### **Reporting entity**

These consolidated financial statements reflect the assets, liabilities, revenues and expenditures, 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-one LHOs (2011 - twenty LHOs), via consolidation, which are controlled by the Corporation:

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Aklavik Housing Association	Norman Wells Housing Authority
Deline Housing Association	Paulatuk Housing Association
Fort McPherson Housing Association	Radilih Koe' Housing Association
Fort Providence Housing Association	Rae Edzo Housing Authority
Fort Resolution Housing Authority	Sachs Harbour Housing Association
Fort Simpson Housing Authority	Tsiigehtchic Housing Association
Fort Smith Housing Authority	Tuktoyaktuk Housing Association
Hay River Housing Authority	Tulita Housing Association
Inuvik Housing Authority	Ulukhaktok Housing Association
Lac La Martre Housing Association	Yellowknife Housing Authority
Lutsel K'e Housing Authority	

The Ulukhaktok Housing Association was consolidated for the first time this year because it was incorporated in May 2011 under the *NWT Societies Act*. In the prior year it was not consolidated as it was a division of a hamlet which is considered a separate level of government.

The following two LHOs: Yellowknife Dene Band (Housing Division) and Hay River Dene Band Housing Society have been excluded from the reporting entity since they are considered to be parts of separate levels 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 from the Government of the Northwest Territories under a contribution agreement. The funding agreement authorizes the Government to recover operating and capital surpluses from the Corporation. The Government has not exercised this right.

Funding provided by the Government for operating purposes is recognized as government funding in the fiscal year when received or receivable.

The portion of the funding provided by the Government for operating purposes used to acquire depreciable tangible capital assets is recorded as deferred capital funding and is recognized as government funding on the same basis as the related tangible capital assets are amortized. The portion of the funding used to acquire non-depreciable tangible capital assets, such as land, is recognized as government funding in the same period the land was acquired.

Funding received from the Canada Mortgage and Housing Corporation (CMHC) under the Social Housing Agreement (SHA), Affordable Housing Program Agreement and Housing Renovation Program Agreement between CMHC and the Corporation:

- for the operations and maintenance of the various public housing programs is recognized as government funding in the fiscal year in which the related expenses are incurred;

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

- for the acquisition of public housing is initially recorded as deferred revenue and transferred to deferred capital funding once construction begins and is recognized as government funding on the same basis as the related tangible capital assets are amortized; and
- to provide assistance to eligible homeowners and landlords for repairs and rehabilitation of properties is recognized as government funding in the fiscal year the assistance is provided.

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

#### Contributions for public housing

The Corporation provides contributions to Yellowknife Dene Band (Housing Division) and Hay River Dene Band Housing Society for their operation of the public housing programs and maintenance of the public housing units. These contributions are recognized based on estimated costs for administration and maintenance expenses incurred and based on actual costs for utilities, tax and leasing expenses incurred, by the two entities in the year.

As part of contributions for public housing, the Corporation also 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.

#### Contributions for market housing

The LHOs, on behalf of the Corporation, manage rental units in accordance with operating agreements. The Corporation collects rents at market rates from those rental units and provides contributions to the LHOs for their costs incurred on administration and maintenance of those rental units.

#### Homeownership assistance grants

The grants and contributions provided by the Corporation to eligible homeowners are recognized on an accrual basis based on the terms and conditions of the Corporation's homeownership assistance programs.

#### Cash

Cash is 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.

#### Temporary investments

Temporary investments are comprised of highly liquid Bankers Acceptances with original maturities from the acquisition of 90 days to one year. Temporary investments are valued at market value as at year-end.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Portfolio investments

Portfolio investments are long-term investments in organizations that do not form part of the reporting entity and are accounted for using the cost method. These investments are comprised of bonds of the investee and do not include temporary investments.

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.

#### Mortgages receivable

##### a) Mortgage subsidies

The Corporation, under section 44(1) of its Act, subsidizes principal and interest payments due from homeowners under the legal terms and conditions of mortgages. These subsidies vary in amount depending on the income of the mortgagees. Subsidies are expensed in the year the mortgage is approved and are recognized as a mortgage revaluation expense included in recoveries from mortgages on the consolidated statement of operations and accumulated surplus.

Accordingly, the mortgages receivable balance represents the present value of the expected future payments from clients on the mortgages, net of allowance for impairment. Subsequent changes to the amount of subsidy provided, resulting from changes in income of the mortgagee, are recognized in the year the changes occur.

##### b) Allowance for impaired mortgages

Mortgages are considered impaired when deterioration in credit quality has occurred and there is reasonable doubt as to the timely collection of principal and interest. A mortgage is considered impaired when a payment is six months in arrears. Based on management's judgment and the Corporation's historical loss experience on impaired mortgages, an allowance of 100% is established to reduce the carrying amount of mortgages identified as impaired to their estimated recoverable value of nil. The allowance for impairment is recognized as a mortgage revaluation expense and included in recoveries from mortgages on the consolidated statement of operations and accumulated surplus.

When all outstanding payments have been made, a mortgage is considered current and the allowance for impairment is reversed.

Write-offs of impaired mortgages occur after the homeowner and the Corporation have signed the quit claim agreement and the Corporation has obtained the housing unit in exchange for the debt owed.

A quit claim is an agreement between the owner of a housing unit and the Corporation to transfer title to 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 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.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### c) Mortgage interest revenue

Interest income on mortgages is recognized on the accrual basis. When a mortgage becomes impaired, recognition of interest ceases and any previously accrued but unpaid interest revenue is reversed against the mortgage interest revenue. Interest income would be recognized on impaired mortgages only when all charges for impairment have been reversed.

#### Tangible capital assets

##### a) Land and buildings

Land and housing units constructed or purchased by the Corporation for public housing, including construction in progress, 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 recorded at cost and included in construction in progress.

Public housing units are recorded as capital leases when the Corporation enters into lease agreements where, in effect, the risks and benefits of ownership are transferred to the Corporation. 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 for sale is carried at lower of cost and estimated net realizable value.

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 and is taken for the full year. Housing for sale and construction in progress are not amortized.

##### b) Property and equipment

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

Office furniture and equipment	Declining balance	20%
Warehouses and offices	Declining balance	5%
Mobile equipment	Declining balance	20%
Leaseholds	Straight-line over term of lease	

#### 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.

#### Bank indebtedness

Bank indebtedness is comprised of the bank account of those LHOs that have cheques issued in excess of deposits.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Employee future benefits

##### a) Pension benefits

Substantially all of 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 to cover current service cost. Pursuant to legislation currently in place, the Corporation has no legal or constructive obligation to pay further contributions with respect to any past service or funding deficiencies of the Plan. Consequently, contributions are recognized as an expense in the year when employees have rendered service and represent the total pension obligation of the Corporation.

##### b) Post-employment benefits

Under the terms and conditions of employment, employees may earn leave, severance and removal benefits based on years of service. The benefits are paid upon resignation, retirement, or death of an employee. The cost of these post-employment benefits has been determined based on management's best estimates and accrued as a liability as employees render service.

#### Obligation under 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.

#### Future accounting changes

PSAB approved Section PS 3260, Liability for Contaminated Sites in March 2010. This new standard requires a government or government organization to recognize a liability for a contaminated site when an environmental standard exists, the contamination exceeds the environmental standard, the government or government organization is directly responsible or accepts responsibility for remediation of the contaminated site, and a reasonable estimate of the amount can be made. The new standard is effective for fiscal years beginning on or after April 1, 2014. Earlier adoption is encouraged.

PSAB approved Section PS 3410, Government Transfers in March 2011 which revises and replaces the existing standard. The new standard requires a recipient to recognize a transfer in revenue when it has been authorized and the recipient has met all eligibility criteria set by the transferor, unless the transfer creates a liability for the recipient. In some cases a liability may exist because the transfer stipulations direct the use of the funds for specific purposes. In other cases, a liability may exist because the transfer stipulations and the actions and communications of the recipient government direct the use of the funds for specific purposes. In both of these cases, revenue would be recognized as the liability is settled. The same accounting principles would apply to all types of transfers. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged and the new standard maybe applied retroactively or prospectively.

PSAB approved Section PS 3041, Portfolio Investments in March 2012. The new standard removes the requirement to apply the cost method, as the recognition and measurement requirements within Section PS 3450, Financial Instruments, apply. This section applies in the period Sections PS 1201, Financial Statement Presentation and PS 3450, Financial Instruments, are adopted. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

PSAB approved Section PS 1201, Financial Statement Presentation, in June 2011. The new standard requires that financial statements include a statement of remeasurement gains and losses. The statement of remeasurement gains and losses reports certain changes in the values of financial assets and financial liabilities arising from their remeasurement at current exchange rates and/or fair value. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

PSAB approved Section PS 3450, Financial Instruments, in June 2011. The new standard allows the recognition of a financial asset or financial liability when a government becomes a party to a contract with financial instruments. Financial instruments can be measured at fair value or cost or amortized cost. A change in the fair value of a financial instrument in the fair value category is recognized in the statement of remeasurement gains and losses until the financial instrument is derecognized. When a financial instrument is derecognized, a gain or loss is recognized in the statement of operations. The nature and extent of risks arising from financial instruments must be disclosed to enable users of the financial statements to evaluate the risks. The new standard is effective for fiscal years beginning on or after April 1, 2012. Earlier adoption is encouraged.

Management does not intend to early adopt these new standards.

### 3. CASH

	<u>2012</u>	<u>2011</u>
Cash	\$ <u>15,395</u>	\$ <u>15,734</u>

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 \$2,140 (2011 - \$2,488).

### 4. TEMPORARY INVESTMENTS

	<u>2012</u>	<u>2011</u>
Bankers Acceptances	\$ <u>23,198</u>	\$ <u>25,781</u>

The Corporation invests in the short-term money market. The market yield of this portfolio ranged from 1.16% to 1.60% in 2012 (2011 - 1.05% to 1.26%). All instruments held are in high quality debt obligations with a weighted average remaining term to maturity of 53 days (2011 - 127 days).



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 5. PORTFOLIO INVESTMENTS

Issuer	2012		Carrying amount	2011
	Stated interest rate	Term to maturity		Carrying amount
Provincial governments	1.17% to 3.61%	1 to 11 years	\$ 15,367	\$ 18,016
Business Development Bank of Canada	1.70%	2 years	1,100	1,100
Ontario Hydro Strip Bonds	2.47%	5 years	1,375	-
RES Scotia Bank	1.74 %	1 year	5,808	-
Canada Mortgage and Housing Corporation			-	1,609
Government of Canada			-	1,056
Canada Housing Trust No. 1			-	2,713
			<u>\$ 23,650</u>	<u>\$ 24,494</u>

The weighted average effective yield of this portfolio in 2012 was 2.17% (2011 - 2.94%).

### 6. ACCOUNTS RECEIVABLE

	2012	2011
Trade accounts receivable	\$ 7,547	\$ 5,309
Tenant rents receivable	15,217	13,576
	22,764	18,885
Less allowance for doubtful accounts	(13,472)	(12,220)
	9,292	6,665
Receivables from CMHC	2,375	1,087
Receivables from related parties:		
Government of the Northwest Territories	334	3,860
Net Accounts Receivable	<u>\$ 12,001</u>	<u>\$ 11,612</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 7. MORTGAGES RECEIVABLE

	2012	2011
Corporate loans, repayable in monthly installments at interest rates varying between 4.00% and 7.80%, unsecured, with a term of 5 to 10 years	\$ 68	\$ 144
Subsidized mortgages based on Income Assessment, repayable in monthly installments at interest rates varying between 5.39% and 10.75%, secured by registered charges against real property, with a term over a maximum of 15 years	7,221	7,434
Subsidized loans based on Income Assessment, repayable in monthly installments at interest rates varying between 5.39% and 10.75%, unsecured, with a term over a maximum of 15 years	25,146	27,308
Refinanced mortgages, unsubsidized, repayable in monthly installments at interest rates varying between 5.19% and 8.00%, secured by registered charges against real property, with a term over a maximum of 20 years	472	483
Refinanced loans, unsubsidized, repayable in monthly installments at interest rates varying between 5.19% and 8.00%, unsecured, with a term over a maximum of 20 years	2,799	1,827
Total mortgages receivable	35,706	37,196
Less allowance for mortgage subsidies	(20,310)	(21,327)
Unsubsidized mortgages receivable	15,396	15,869
Less allowance for impaired mortgages	(12,849)	(13,742)
Net mortgages receivable	\$ 2,547	\$ 2,127

There were three write-offs in the current year (2011 - three).

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 \$7,928 (2011 - \$9,630), which are expensed on the consolidated statement of operations and accumulated surplus during the year.

Recoveries from mortgages:

	2012	2011
Cash recoveries from impaired mortgages	\$ 537	\$ 683
Recoveries from conditional grants	299	391
Recoveries from mortgages revaluation	493	722
Recoveries from mortgages written off	96	140
	\$ 1,425	\$ 1,936

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 8. BANK INDEBTEDNESS

	<u>2012</u>	<u>2011</u>
Cheques issued in excess of deposits	\$ <u>1,548</u>	\$ <u>1,879</u>

### 9. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2012</u>	<u>2011</u>
Trade payables	\$ 8,410	\$ 9,652
Contractors Holdbacks	1,953	2,433
Damage Deposits	1,659	1,563
Wages and employee benefits	567	561
Tender and Security deposits	481	925
Accrued interest	268	268
Prepaid rent	109	96
Payables to related parties:		
Government of the Northwest Territories	<u>740</u>	<u>1,753</u>
	\$ <u>14,187</u>	\$ <u>17,251</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION

	2012			2011
	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 2012 to 2038, at interest rates from 5.94% to 19.00% (2011 - 5.94% to 19.00%).	\$ 28,034	\$ (28,034)	\$ -	\$ -
Loans payable to CMHC (NHA Section 82 debt), repayable in annual installments until the year 2033, bearing interest of 6.97% (2011 - 6.97%). These loans are guaranteed by the Government.	20,419	(11,344)	9,075	9,510
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%, (2011 - 2.78% to 3.68%).	<u>3,800</u>	<u>-</u>	<u>3,800</u>	<u>4,005</u>
	<u>\$ 52,253</u>	<u>\$ (39,378)</u>	<u>\$ 12,875</u>	<u>\$ 13,515</u>

Under the terms of the 1999 Social Housing Agreement, 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 5/9<sup>th</sup> 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 \$4,384 in 2012 (2011 - \$4,722), and would have made additional principal long-term debt repayments to CMHC of \$3,405 in 2012 (2011 - \$4,071).

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

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2012**

(all figures in thousands)

### 10. LOANS PAYABLE TO CANADA MORTGAGE AND HOUSING CORPORATION (continued)

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 678	\$ 767	\$ 1,445
2014	718	727	1,445
2015	761	684	1,445
2016	806	639	1,445
2017	844	590	1,434
2018 - 2022	3,781	2,248	6,029
2023 - 2038	<u>5,287</u>	<u>1,325</u>	<u>6,612</u>
	<u>\$ 12,875</u>	<u>\$ 6,980</u>	<u>\$ 19,855</u>

### 11. OBLIGATIONS UNDER CAPITAL LEASES

The Corporation is committed to annual payments for 15 (2011 - 15) lease agreements for housing units that were initiated to support the Public Housing Rent Supplement Programs and three (2011 - three) lease agreements for market housing units. These lease agreements are based on implicit interest rates varying from 6.6% to 11.5% and expiry dates ranging from 2012 to 2022. The lease payments may be renegotiated every five years for changes in specific operating costs such as interest rates and cost of utilities. The Corporation is also responsible for other operating costs not included in the annual lease payment.

	<u>Executory costs</u>	<u>Imputed interest</u>	<u>Lease obligation</u>	<u>Future minimum lease payments</u>
2013	\$ 478	\$ 395	\$ 938	\$ 1,811
2014	464	307	974	1,745
2015	402	223	754	1,379
2016	287	172	462	921
2017	184	139	307	630
2018 - 2023	<u>864</u>	<u>341</u>	<u>1,232</u>	<u>2,437</u>
<b>Total</b>	<u>\$ 2,679</u>	<u>\$ 1,577</u>	<u>\$ 4,667</u>	<u>\$ 8,923</u>

The value of the leased housing units which are included as part of the Corporation's tangible capital assets and the related accumulated amortization as at March 31, 2012 is \$11,004 and \$8,016 respectively (2011 - \$11,004 and \$7,327, respectively).

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2012**

(all figures in thousands)

### 12. RETIREMENT AND POST-EMPLOYMENT BENEFITS

#### Pension benefits

The Corporation's employees participate in the Public Service Pension Plan administered by the Government of Canada. 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 coordinated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

The Corporation and all eligible employees contribute to the Plan. The President of the Treasury Board of Canada sets the required employer contributions based on a multiple of the employees' required contribution. During the calendar year 2011, the Corporation contributed 1.86 dollar for every dollar contributed by the employee, and 9.50 dollar for every dollar contributed by the employee for the portion of the employee's salary above \$142.8 thousand. Effective January 1, 2012, the Corporation contributes 1.74 dollar for every dollar contributed by the employee, and 8.95 dollar for every dollar contributed by the employee for the portion of the employee's salary above \$148 thousand.

The contribution rate for employees during the calendar year 2011 was 5.80% on their pensionable earnings up to \$48.3 thousand and 8.40% for their pensionable earnings over \$48.3 thousand. Effective January 1, 2012, the contribution rate for employees is 6.20% on their pensionable earnings up to \$50.1 thousand and 8.60% for their pensionable earnings over \$50.1 thousand.

Total contributions to the Plan in the fiscal year were as follows:

	2012	2011
Employer contributions	\$ 1,498	\$ 1,443
Employee contributions	755	709

#### Post-employment benefits

The Corporation provides leave, severance and removal benefits to its employees based on years of service and final salary. This benefit plan is not pre-funded and thus has no assets, resulting in a plan deficit equal to the accrued benefit obligation.

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

	2012	2011
Accrued benefit obligation, beginning of year	\$ 4,036	\$ 3,832
Costs for the year	2,021	1,372
Benefits paid during the year	(1,300)	(1,168)
Accrued benefit obligation, end of year	\$ 4,757	\$ 4,036

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

**March 31, 2012**

(all figures in thousands)

### 13. DEFERRED CAPITAL FUNDING

Deferred capital contributions represent the unamortized portion of Government of Northwest Territories and CMHC contributions used to acquire tangible capital assets.

Changes in the deferred capital contributions balances are as follows:

	2012			2011
	Provided by the Government	Provided by CMHC	Total	Total
Balance, beginning of year	\$ 135,658	\$ 78,556	\$ 214,214	\$ 199,918
Portion of funding used to acquire tangible capital assets	9,690	7,061	16,751	27,614
Reduction of deferred capital funding	<u>(9,431)</u>	<u>(5,392)</u>	<u>(14,823)</u>	<u>(13,318)</u>
Balance, end of year	<u>\$ 135,917</u>	<u>\$ 80,225</u>	<u>\$ 216,142</u>	<u>\$ 214,214</u>

The reduction of deferred capital funding includes the followings:

	2012			2011
	Provided by the Government	Provided by CMHC	Total	Total
Disposal of tangible capital assets	\$ (2,358)	\$ (739)	\$ (3,097)	\$ (2,569)
Write-down to tangible capital assets	(388)	(430)	(818)	-
Amortization of deferred capital funding	<u>(6,685)</u>	<u>(4,223)</u>	<u>(10,908)</u>	<u>(10,749)</u>
Reduction of deferred capital funding	<u>\$ (9,431)</u>	<u>\$ (5,392)</u>	<u>\$ (14,823)</u>	<u>\$ (13,318)</u>

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 14. FUNDING FROM CANADA MORTGAGE AND HOUSING CORPORATION

	2012	2011
Funding received from CMHC recognized as government funding under the:		
Social Housing Agreement:		
Contributions for public housing rental subsidies	\$ 12,040	\$ 12,719
Contributions to non-profit housing sponsor groups and cooperatives	3,918	3,918
Repairs, maintenance and other costs	1,772	7,890
Housing Renovation Program Agreement and the Affordable Housing Agreement Extension	-	490
Agreement for Investment in Affordable Housing	1,840	-
	\$ 19,570	\$ 25,017

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 NWTHC and CMHC signed the Agreement for Investment in Affordable Housing. This \$11 million three year agreement amalgamated two existing NWTHC/CMHC agreements (Housing Renovation Program Agreement and the Affordable Housing Agreement Extension). Funding under this new agreement can be utilized under four specific NWTHC housing programs (CARE, PATH, HELP and Shelter Enhancement). The annual funding is cost shared with CMHC and the NWTHC each contributing \$1.84 million per year for this program. Both parties to the Agreement will provide a total of \$5.5 million over the three year period from 2011/2012 to 2013/2014.

On May 22, 2009, under Canada's Economic Action Plan (CEAP), CMHC and the Corporation signed an amendment to the Affordable Housing Initiative (AHI) Program Agreement and an extension to the Housing Renovation Program Agreement to build new affordable housing and assist low-income households with needed renovations to their homes. The total funding under the amendment and extension is \$58,980 for a term of calendar year 2009 to 2011. Under CEAP, funding from CMHC used to acquire or renovate public housing units is recorded as deferred capital funding and is amortized on the same basis as the related tangible capital assets. Funding used for minor repairs to public housing units and related administration costs is recorded as funding from CMHC, included in repairs, maintenance and other costs in the above table. Funding that was not spent at year end is recorded as deferred revenue.

	2012	2011	2010	Total
Deferred capital funding	\$ 7,061	\$ 17,009	\$ 24,760	\$ 48,830
Minor repairs projects	178	6,615	3,357	10,150
Projects committed but deferred to next year	-	7,239	2,703	9,942
Amount carried over from prior year	(7,239)	(2,703)	-	(9,942)
Funding received under CEAP	\$ -	\$ 28,160	\$ 30,820	\$ 58,980



# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements

March 31, 2012

(all figures in thousands)

### 15. ADMINISTRATION EXPENSES

	2012	2011
Salaries and benefits	\$ 25,459	\$ 24,531
Building and equipment rentals	1,735	1,733
Professional and special services	1,213	954
LHO administration	1,464	804
Travel and relocation	578	708
Computer services	444	415
Communications	225	218
Materials and supplies	179	231
Workshops and studies	67	102
	\$ 31,364	\$ 29,696

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

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

	2012		2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Portfolio investments	\$ 23,650	\$ 24,194	\$ 24,494	24,751
Loans payable to CMHC	9,075	11,578	9,510	11,470
Mortgages payable to CMHC	3,800	3,868	4,005	3,689

The fair values of the portfolio investments are their market values 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.

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, temporary investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts because of the short term to maturity.

# NORTHWEST TERRITORIES HOUSING CORPORATION

## Notes to Consolidated Financial Statements March 31, 2012 (all figures in thousands)

### 17. CONTRACTUAL OBLIGATIONS

The Corporation leases office space and rents supplemental public housing units and is committed to basic rental payments as follows. The leases contain escalation clauses for operating costs and property taxes, which may cause the payments to exceed the basic rental. Also included in the 2013 contractual obligations are construction commitments of \$5,855 (2012 - \$8,937).

	<u>Total</u>
2013	\$ 10,223
2014	3,103
2015	1,219
2016	776
2017	346
After	<u>4,763</u>
Total	\$ <u>20,431</u>

### 18. 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 \$30,000 as established by Regulation made pursuant to the *Northwest Territories Housing Corporation Act*. As at March 31, 2012 a total of 31 (2011 - 37) loan guarantees were in effect, and the outstanding balance of loans guaranteed was \$5,199 (2011 - \$5,452). Eight (2011 - nine) of these loans guaranteed with a total outstanding balance of \$3,664 (2011 - \$3,754) are secured by registered charges against real property.

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, costs and expenses related to these loans. The outstanding balance of these third party loans as at March 31, 2012 was \$25,906 (2011 - \$27,529).

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, 2012 is nil (2011 - nil).

### 19. RELATED PARTY TRANSACTIONS

The Corporation is related in terms of common ownership to all Government of the Northwest Territories created 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.

### 20. COMPARATIVE FIGURES

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

### 21. 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, 2012**  
(all figures in thousands)

	Opening balance	Cost			Closing balance	Opening balance	Accumulated amortization		Closing balance	Net book value	
		Acquisitions	Disposals	Write-down			Amortization	Disposals		2012	2011
<b>Land and buildings:</b>											
Land	4,469	248	-	-	4,717	-	-	-	-	4,717	4,469
Public housing	336,872	17,949	(3,744)	(632)	350,445	128,997	11,678	(767)	139,908	210,537	207,875
Houses for sale	1,005	96	(89)	(186)	826	-	-	-	-	826	1,005
Construction in progress	14,993	(1,540)	-	-	13,453	-	-	-	-	13,453	14,993
<b>Sub-total</b>	<b>357,339</b>	<b>16,753</b>	<b>(3,833)</b>	<b>(818)</b>	<b>369,441</b>	<b>128,997</b>	<b>11,678</b>	<b>(767)</b>	<b>139,908</b>	<b>229,533</b>	<b>228,342</b>
<b>Property and equipment:</b>											
Warehouses and offices	8,852	15	-	-	8,867	3,866	250	-	4,116	4,751	4,986
Office furniture and equipment	5,210	58	-	-	5,268	4,552	143	-	4,695	573	658
Mobile equipment	1,090	173	(123)	-	1,140	444	158	(92)	510	630	646
Leaseholds	728	-	-	-	728	612	41	-	653	75	116
<b>Sub-total</b>	<b>15,880</b>	<b>246</b>	<b>(123)</b>	<b>-</b>	<b>16,003</b>	<b>9,474</b>	<b>592</b>	<b>(92)</b>	<b>9,974</b>	<b>6,029</b>	<b>6,406</b>
<b>Total</b>	<b>373,219</b>	<b>16,999</b>	<b>(3,956)</b>	<b>(818)</b>	<b>385,444</b>	<b>138,471</b>	<b>12,270</b>	<b>(859)</b>	<b>149,882</b>	<b>235,562</b>	<b>234,748</b>

