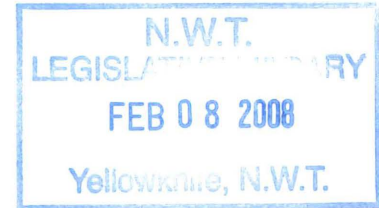




Northwest Territories Minister of Education, Culture and Employment



JAN 28 2008



MR. TIM MERCER
CLERK OF THE LEGISLATIVE ASSEMBLY

Petition 2-16(1): Public Housing Costs in Fort McPherson

Please find attached the response to Petition 2-16(1), which was presented to the House on November 27, 2007 by the Member for Mackenzie Delta, David Krutko.

Jackson Lafferty

- c. The Honourable J. Michael Miltenberger
Minister Responsible for the NWT Housing Corporation

Heather Riviere
Legislative Assistant

*① Noted Jan 31/08
② To be Tabled by
Minutes during sess. v.
An*



Petition tabled by Mr. David Krutko on November 27, 2007

Response by the Honourable Jackson Lafferty
Minister of Education, Culture and Employment

Public Housing Costs in Fort McPherson

The public housing system currently in place aims to provide affordable housing to those who need it most based on the principle of rent geared to income. Rent is assessed based on need and the ability to pay as measured by household income. Rent is charged on a sliding scale from a minimum of 6% to a maximum of 30% of gross income. In Canada as in most other western countries, 30% of gross income is considered to be a fair and equitable amount to pay for basic shelter costs.

No public housing tenant in the NWT pays more than 30% of his or her income toward rent. On average, public housing tenants actually spend less than 14% of their monthly income on public housing. Income assistance clients pay \$32 monthly. Rent for residents over the age of 60 is fully subsidized by the GNWT and therefore these residents pay no rent.

The Northwest Territories Housing Corporation (NWTHC), through the Local Housing Organizations (LHOs), currently operates and maintains approximately 2,300 public housing units across the NWT. Revenue to operate these units is provided through two sources. First, federal funding from the Canada Mortgage and Housing Corporation is appropriated to the Department of Education, Culture and Employment, and subsequently provided to the NWTHC as rental subsidies for public housing tenants. Second, revenue is collected from the portion of rent paid by public housing tenants following an assessment of their household income.

The assessment rates currently in place for determining the rents paid by public housing tenants are designed to ensure that rents are both affordable to clients, as well as being sufficient to allow for maintenance of the public housing stock and the efficient operation of LHOs.

Federal funding toward public housing operation and maintenance (O&M) continues to decline. Merely continuing to operate and maintain public housing at the current level will require the GNWT to cover the shortfall in O&M funding. This shortfall is expected to total \$339 million over the period from 2003-04 to 2037-38. A reduction in the tenant-paid portion of public housing would further inflate the shortfall that the GNWT will need to cover during this period.

Changing the assessment process for tenants to one based on net income instead of gross income is unnecessary, as the vast majority of clients are already well-served by the existing system. It is also unaffordable to the GNWT, as it might accentuate the expected shortfall in O&M funding to operate and maintain public housing in the NWT over the long term.