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ADMINISTRATION OF HOUSING
IN THE NORTHWEST TERRITORIES

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ADMINISTRATION OF HOUSING
IN THE NORTHWEST TERRITORIES

INTRODUCTION

During the past several months those members of the Administration concerned with the provision of housing in the Northwest Territories have been studying provincial systems, particularly in light of the financial constraints under which we operate. The original goal of placing a final set of fully researched recommendations before Council at its 45th Session could not be reached in the time available, consequently this paper must be considered as an interim report. Information gathered to date is presented, and the Administration expects that the debate which it will generate will provide further guidance for the preparation of the final paper.

HOUSING PHILOSOPHY

Over the past decade, development has advanced in the design, supply and provision of housing in the North. Particularly since 1965, expanding resources, industry and the groundwork towards eventual self-government have all played, and are playing a major role in changing the philosophy of housing programs throughout the N.W.T. Now it is probably expedient to review present day programs, some of which were developed sometime ago, with a view to perhaps changing our course or at least updating our concepts and philosophies as they apply to present and future housing program needs. The past philosophy has been to provide up-graded housing on a subsidized rental basis. Other programs have been developed for industrial trainees, government staff, senior citizens and many other levels of our social strata, but always on a rental basis and not always on need and the ability to pay concept. Mortgage funds have been available with restrictions and limitations, because in the past home-ownership was not considered viable or realistic in most parts of the Territories where costs of services are exceedingly high. This is not to suggest that the emphasis must be placed on the ability to pay premise. However, the design, style and above minimum space are factors which must be tackled in rental or home-ownership programs. The future philosophy should take these factors into consideration and provide the means through which housing including them is provided on the ability to pay concept.

An explanation of this new philosophy is broken down into four categories:

1. Minimum Rental Housing

A family on total social assistance or lower income would be accommodated in units meeting space requirements according to family size, but having the necessary facilities.

2. National Housing Act Rental Programs

Families who require minimum or no subsidy assistance, and who might eventually qualify for home-ownership would be housed in public housing with full amenities.

3. Home-ownership Housing

There should be a variety of home-ownership and home-ownership assistance programs which will enable more people to own their own homes, thereby encouraging the development of stable communities.

4. Territorial Government Employee Accommodation

Housing, based on need, will be offered to employees. Employees will be encouraged to provide their own homes. Territorial Government-owned dwellings will be offered to employees desirous of home-ownership under a Lease-Purchase Option on the basis of tenure.

The major emphasis will be placed on contracting of property management, maintenance and operations to local business groups, Housing Associations or individuals wherever and whenever possible to provide employment and business opportunities in all communities. These concepts and philosophies will require an administrative structure which can operate with the greatest degree of financial and program flexibility.

HOUSING IN THE NORTHWEST TERRITORIES

The question arises as to why the Territorial Government is in the housing business. Due to the high costs of construction, utilities and services and the increased cost of living in the north, most people find it difficult to provide for their own shelter needs. For these reasons, Governments find it necessary to provide subsidies in order to ensure adequate shelter and living conditions for the inhabitants of the N.W.T. Because of the fluctuating economy and the under developed economic base, the private sector and private lending agencies, for the most part, are not interested in entering the general housing field. These and other factors create the need for government to play a leading role in the supply of housing in the Territories.

The Territorial Government's role in housing should be to create, innovate, co-ordinate and give direction to realistic housing programs based on need, environment, and positive research, so as to provide a reasonable standard of housing to all residents of the Northwest Territories, whether this be done through homeownership, lease, rental or subsidized rental.

At present, there are within the structure of the Territorial Government FIVE DEPARTMENTS and TWELVE DIVISIONS involved in various housing programs. A complete resume of these programs was presented at the June 1970 Session of the Council of the Northwest Territories in Information Item 22 which is attached as Appendix I. A resume of the Government Staff Housing Program was not included in the Information Item but is included in Appendix I of this submission.

The various programs now underway would appear, on examination, to be quite adequate. Closer examination, however, establishes that there is a requirement for a more diverse variety of approaches to the housing needs of the people of the Northwest Territories. Delegation of these responsibilities to numerous departments and agencies has proven beyond doubt to be an uneconomical and inefficient process to deal with the need, supply, and operation of housing programs in every community. The number of man hours which must be apportioned to inter-departmental communication, not to mention the personnel required to carry out the basic administrative functions, is time consuming and subject to confusion.

The present system of funding on the fiscal year basis lacks flexibility, particularly where cost sharing partnership projects are involved such as Public Housing, Senior Citizens Accommodation, etc. Estimates are prepared one year in advance and it is difficult to forecast the time-frame of construction in the Arctic where technical research is crucial and transportation and elements are somewhat unpredictable.

To attain the aforementioned goals and overcome the present unwieldy structure it seems apparent that the Government of the Northwest Territories should bring together, in a clearly defined framework, all required disciplines, expertise and resources which would be responsible for the research, supply, program development and establishment of sound housing policies in line with the cultural, environmental and housing needs of the people of the N.W.T.

ADMINISTRATIVE ALTERNATIVES

The Government of the Northwest Territories, unlike provincial governments, is dependent upon the Federal Government for funding. In respect to housing it must be recognized that there will be financial operating deficits. Therefore, the organization responsible for housing must follow a fiscal policy which is well suited to the Governmental funding system.

Throughout the provinces there are three types of agencies administering government housing programs, namely:

- A. Government Departments
- B. Government Housing Authorities or Commissions
- C. Provincial Crown Housing Corporations

An initial examination of these three approaches follows. The examination is incomplete in the area of financing.

A. Government Departments

British Columbia and Saskatchewan are the only two provinces which have remained with the departmental administrative agency structure. In both cases the Departments of Municipal Affairs are the responsible co-ordinators for housing. The Departmental system is dependent upon Municipal Government or the Federal Housing Agency, Central Mortgage and Housing Corporation, to administer the majority of housing programs. The role played by the provincial departments is one of the financial administrative partner with limited emphasis on development of programs. This is left to the municipalities or the private sector. Funding is provided through the Provincial Treasurer after approval of projects by the Cabinet.

B. Housing Authorities or Commissions

For the past thirty-five years the Province of Nova Scotia has made use of a Housing Commission and is the only Province with a Commission-type agency. During 1966 that government slightly changed its approach by forming out of the Commission an Executive Committee providing a direct link to the Minister responsible for housing. Legislation establishing the Commission as a body corporate was passed at that time.

In Nova Scotia there are fifteen members from various walks of life appointed to serve on the Commission. A civil servant is employed as Executive Director. The Minister together with the Executive Director and three members appointed from the Commission form a steering committee which is referred to as the Executive Committee. The Executive Committee is responsible for the general conduct of the Commission. The day to day operations are directed by the Executive Director through three divisions; Financial and Administration Services, Field Services, and Planning Services. Control of programs and services is exercised by the Provincial Executive Council through the Minister charged with the administration of the Housing Development Act.

The entire Commission meets twice each year to define general housing needs and problem areas. Recommendations are made to the Executive Committee for action or research, and program policy.

The Executive Committee;

- (a) Recommends housing policy and makes long term forecasts for the Provincial Cabinet.
- (b) Enforce Provincial Housing Policy.
- (c) Examines and recommends housing programs and projects to the Executive Council for financial approval.
- (d) Monitors Commission expenditures and financial matters.

The Commission controls its own administrative and operating finances through normal corporate banking procedures. Program and project financing is handled by the Provincial Cabinet through the consolidated revenue fund. Although the Financial and Administration Division performs an accounting function, progress payments and shared partnership payments are made through the Provincial Treasurers Department which results in some degree of overlapping.

C. Crown Housing Corporation

During the past seven years, and particularly since 1967, several provinces have established Crown Housing Corporations. At present these Corporations are operating in Ontario, Manitoba, Alberta, Quebec, New Brunswick, Prince Edward Island, and Newfoundland. The history of the development of Provincial Crown Housing Corporations exemplifies the need and value of such organizations. Basically the roles and responsibilities of these Corporations are to administer all housing projects and programs as they relate to the social and economic development within the provinces whether they are fostered through the Federal Government, the Province, Central Mortgage and Housing Corporation, or the private sector involved in housing development. Primarily, however, the Crown Housing Corporations evolved to bring about the development of all forms of housing within the provinces and to establish under one agency the control and co-ordination of such housing developments. Such Corporations have been able to discourage, to a degree, exploitation in the housing field and to establish more realistic costs which give all persons the opportunity to gain accommodation based on their income.

Probably the most typical structure is that used by the Alberta Housing Corporation. It is similar to the Nova Scotia Housing Commission; however, it has complete fiscal authority.

In Alberta, the Corporation is responsible and reports to the Lieutenant-Governor in Council through the Minister of Municipal Affairs. The Minister is Chairman of a seven member Board of Directors which is comprised of five Deputy Ministers of the civil service and one member from the private sector. All Board Directors are appointed by the Lieutenant-Governor in Council. A non-voting Executive Director is employed as Chief Executive Officer and is responsible for day to day operations. The Executive Director and staff are not civil servants but have benefits

similar to the Civil Service and are covered by the Public Service Superannuation Act; and negotiate through a Public Service Commissioner appointed by the Province. Within the Corporation there are four functional Divisions which are responsible for all housing programming; Development, Financing, Construction, and Research. All Government Housing and housing programs are totally administered and co-ordinated by the Corporation. The only input from Government Departments is payment for services rendered by the agency. They also may provide research services or proposals for procurement of housing. The Corporation is an autonomous corporate agency and may enter into various financial agreements for funding outside of the Provincial Treasury, however, under normal circumstances funding is made from Provincial coffers. Above all the Corporation is a non-profit company.

The Corporation may hold title to and deal in land, may lend money for projects, and is expected to work closely with Central Mortgage and Housing Corporation.

The Corporation's powers are much more extensive and flexible in terms of borrowing power, issuance of debentures and discharge of other duties, than are those of a single government department.

COMPARISON OF ADMINISTRATIVE FORMS

A comparison of the three structures follows. This comparison is incomplete in the area of financing.

A. Government Department

It could be argued that there should be within the Government structure a Department of Housing. However, after researching the progress of the various Provincial Housing Organizations, it is evident that such Departments were set up but, in most instances, were found to be inoperable due to overlapping and fragmentation of roles and responsibilities.

B. Housing Authorities and Commissions

Fundamentally the Commission structure is similar to that of a Corporation but the Commission is restricted in that it does not have as great a degree of financial flexibility. The functions of the Executive Committee are slightly different from those of a Corporation Board of Directors in that they have limited powers and simply provide an advice function to the Minister in charge of Housing. While the Commission has complete control of its operating funds, capital funds are disbursed through the Provincial Treasury. The desirable feature of this structure is that one agency deals solely in the programming, design and construction of all types of housing. The Council of the Northwest Territories might wish the Territorial Administration to further investigate the Housing Commission or Authority concepts as an intermediate step. Such reorganization would enable the Administration to draw together the various disciplines into one agency and gain valuable experience towards the eventual formation of a Northwest Territories Housing Corporation. The fact that there is likely to be a continuing need for many years to subsidize housing in the Northwest Territories may point to the use of the "Housing Authority" structure, rather than the Corporation which may be expected to break even financially in its operations.

C. Crown Housing Corporation

Under this structure, a provincial government, through its Cabinet, retains the necessary degree of control to ensure that its housing policies are followed. Within this control are the freedoms and flexibilities to properly carry out these policies. It has the advantages and efficiencies of corporate structure while remaining subject to government policy.

RECOMMENDATIONS

- I. As may be readily recognized the financial implications in respect to the formation of a Housing Corporation or Authority are complex. In view of the fact that such an organization would be reliant on funding from the Federal Government, further study of these financial matters is necessary and should be carried out.
- II. It is recommended that a final recommendation be made to Council during the June 1972 Session together with DRAFT LEGISLATION.

May 8, 1970.

APPENDIX I

COUNCIL OF THE NORTHWEST TERRITORIES

INFORMATION ITEM NO. 22-42

Report on All Disciplines - Housing Study

At the 41st Session the Administration was asked to report on the present status of all disciplines housing study pursuant to Part V of the National Housing Act which was requested at the 36th and 37th Sessions.

Following is the text of the Housing Report prepared by the Department of Local Government:

"This report is an attempt to explain the various housing programs now in effect under the Department of Local Government. It will briefly dwell on the historical background, move on to the description and conclude with current plans of each program. This particular housing picture can be divided into four major areas.

I. NORTHERN RENTAL HOUSING PROGRAM

- a) Northern Rental Housing Program
- b) Northern Purchase Housing Program
- c) Indian Off-Reserve and Eskimo Re-establishment Program
- d) Eskimo Housing Loan Program

II. TERRITORIAL RENTAL HOUSING PROGRAM

- a) Territorial Rental Housing Program
- b) Territorial Purchase Housing Program

III. PUBLIC HOUSING PROGRAM

- a) Public Housing
- b) Senior Citizens Housing
- c) Single Persons Accommodation

IV. LOW COST HOUSING PROGRAM

- a) First Mortgages
- b) Second Mortgages

I. NORTHERN RENTAL HOUSING PROGRAM - GENERAL

This program was instituted in October, 1965, as the "Eskimo Rental Housing Program" to replace numerous programs then in effect supplying small houses both for sale and as welfare to Eskimos in Arctic Quebec and in the Northwest Territories. At the time it was felt that the existing programs could not adequately meet the

needs of those for whom they were originally designed and consequently this all inclusive, accelerated program was developed. The desire was to provide at least the minimum acceptable accommodation for these peoples under Federal responsibility. The largest house to be built under this program consisted of three bedrooms and not more than 700 sq. ft. and the heating, water, sewage, and electrical services provided were to be kept to a bare minimum. The program, which is completely voluntary, applies only in settlements where adequate services can be supplied. It was further amended in February, 1968, to include Treaty Indians and at that time changed its name to the "Northern Rental Housing Program." The Government of the Northwest Territories took over operative control of the program on January 1, 1969, for the Mackenzie District and for the Districts of Keewatin and Franklin on April 1, 1970. Because this program was designed for, and applies exclusively to, Treaty Indians and Eskimos, final responsibility for determining policy has remained in the hands of the Federal Government.

The average cost per unit in this program has changed at various times from an original of \$9,000 to the present of \$14,500 including furniture.

I. a) NORTHERN RENTAL HOUSING PROGRAM

- i) This housing is available to Treaty Indians and Eskimos of the Northwest Territories.
- ii) Rental charges are based on 20% of the total family income with a \$2.00 minimum for those on welfare or pensions and a \$67.00 maximum per house.
- iii) Fuel and municipal services may be provided in amounts according to minimum quotas and are included as part of the rental package. The services provided vary according to individual community circumstances.
- iv) Furniture up to a maximum of \$500.00 per family can be supplied. Part of this quota is used for the purchase of standard furniture but up to 50% may be available for local purchase by the family. This furniture allowance is available only when a family enters this program. Replacement of this furniture is an individual responsibility and the family takes its furniture with it when it moves.
- v) Credits of 55% of actual rent paid as well as an allowance of up to \$100.00 per year can be used as part payment towards the purchase of a house under the "Northern Purchase Housing Program".
- vi) Houses previously purchased from the Federal Government can be purchased back by the Government if the owner wishes to be included in the rental program. Purchase-back is carried out under an established formula. Taken into consideration are payments made to the Government, normal subsidy, depreciation, and rental charges for the entire period of occupancy.
- vii) The actual construction phase of this program was accompanied by a Housing Education Program which consisted of four phases. The first phase was to explain all aspects of the housing program so that the Indians and Eskimos would understand the advantages of renting a house. The second phase consisted of involving the people in all aspects of home-making in order to ensure healthy living conditions and well maintained homes. Phase three was to organize those interested in the rental program into Housing Associations so that they could carry on the day-to-day administration of these homes when they were provided. At this stage of the operation, the houses were, at least theoretically, under construction. Phase four was to select local native women

and to provide them with intensive training in home management so that they in turn could provide this training to women moving into these new houses.

- viii) When an older house is placed on the program due to newer housing not being yet available, only emergency maintenance is provided. The services normally provided under this program are available to these older homes, within limits dictated by their state of repair.

I. b) NORTHERN PURCHASE HOUSING PROGRAM

- i) It is necessary that the Indian and Eskimo have sufficient income to meet the payments on the house and to pay for at least minimum services.
- ii) Repayable first mortgage loans are available at current National Housing Act rates of interest amortized over 25 years. The maximum amount available is \$7,000
- iii) A second mortgage loan of up to \$6,000 interest free is provided. It is forgivable under certain conditions.

I. c) INDIAN OFF-RESERVE AND ESKIMO RE-ESTABLISHMENT PROGRAM

- i) Financial assistance is provided to Indians and Eskimos relocating in areas of economic development. At the present time, this includes Yellowknife, Hay River, Fort Smith, Inuvik, and Pine Point. This assistance enables them to purchase or construct a home.
- ii) A first mortgage loan must be obtained from an approved lender or from Central Mortgage & Housing Corporation.
- iii) A second mortgage loan, amortized over ten years, interest free and forgivable under certain conditions is also available.
- iv) The Program is administered by the Department of Veterans' Affairs on behalf of the Department of Indian Affairs and Northern Development.
- v) The amounts of down payment required, and first and second mortgages available is shown in the schedule below.

<u>Income</u>	<u>Down Payment</u>	<u>First Mortgage</u>	<u>Second Mortgage</u>
Less than \$3000	\$ 135 up to	\$ 7,865 up to	\$10,000
3,001 - 3,600	235	7,765	10,000
3,601 - 4,200	335	7,665	10,000
4,201 - 4,800	435	7,565	10,000
4,801 - 5,700	535	7,465	10,000
5,701 - 6,600	635	8,365	9,000
6,601 - 7,500	735	9,265	8,000
7,501 - 8,400	835	10,165	7,000
8,401 - 9,000	935	11,065	6,000
9,001 - 10,000	1,085	11,815	5,000
10,001 - 11,000	1,435	12,565	4,000
11,001 - 12,000	1,685	13,315	3,000
12,001 - 13,000	1,935	14,065	2,000
over 13,000	2,185	14,815	1,000

I. d) ESKIMO HOUSING LOAN PROGRAM

There are no new loans being issued under this program. The 33 existing loans will be administered until they expire.

NORTHERN RENTAL HOUSING PROGRAM

<u>Settlement</u>	<u>1968 & prior</u>	<u>Construction Year</u>	
		<u>1969-70</u>	<u>1970-71</u>
Arctic Bay	29	15	5
Baker Lake	132		
Belcher Islands	11		15
Broughton Island	56		
Cape Dorset	91		6
Chesterfield Inlet	34		
Clyde River	25	5	15
Coral Harbour	48		
Eskimo Point	111		9
Frobisher Bay	233	40	
Grise Fiord	18		
Hall Beach	33		
Igloolik	70	10	6
Lake Harbour	35		
Pangnirtung	68	10	5
Pond Inlet	55		10
Port Burwell	33		5
Rankin Inlet	92		15
Repulse Bay	43		
Resolute	21		
Whale Cove	46		
Cambridge Bay	65	19	
Coppermine	95	35	
Gjoa Haven	27	10	
Hay River	11		
Holman Island	23	18	
Fort Providence	4	6	
Pelly Bay	35		
Rae	37		10
Fort Resolution	8		
Fort Simpson	3		
Fort Smith	9		
Snowdrift	4		
Spence Bay	23	18	
Yellowknife	9		
Aklavik	29	5	15
Fort Franklin		5	12
Fort Good Hope		5	5
Inuvik	73		
Fort McPherson		5	15
Fort Norman		8	
Paulatuk	11		
Sachs Harbour	1		
Tuktoyaktuk	33	27	20
Artic Red River			7
TOTAL	1,794	201*	175

NOTE* Plus 40 row housing (leased)

II. TERRITORIAL RENTAL HOUSING PROGRAM - GENERAL

During the first session of Council in 1969, this program was approved to make housing available to those residents of the North-west Territories who were neither Indians nor Eskimos, under the Northern Rental Housing Program.

a) Territorial Rental Housing Program

This program is similar in all respects to the Northern Rental sections of the Federal Program with the exceptions that:

- one must have been a resident of the Northwest Territories for at least three years.
- this program is not available in municipalities capable of providing Public Housing.

b) Territorial Purchase Housing Program

Similar in all respects to the Northern Purchase Housing Program with the above noted exceptions.

TERRITORIAL RENTAL HOUSING PROGRAM

<u>Settlement</u>	<u>Construction Year</u>	
	<u>1969-70</u>	<u>1970-71</u>
Fort Providence	8	5
Fort Simpson	8	6
Fort Resolution	8	6
Rae	5	
Fort Norman	6	
Fort McPherson	5	6
Fort Good Hope	2	3
Fort Franklin	1	
Tuktoyaktuk	3	4
Aklavik	7	2 (rnd)
Arctic Red River		3
Norman Wells		4
Hay River		20
<u>TOTALS</u>	<u>53</u>	<u>59</u>

III. PUBLIC HOUSING PROGRAMSa) Public Housing

Under Section 35 of the National Housing Act there are currently low-rental Public Housing Projects underway in Yellowknife, Fort Smith, Inuvik, and Hay River. The one hundred and twenty units in various stages of planning, construction, and occupancy, are being sponsored under a tri-governmental, cost sharing program. The senior partner, Central Mortgage & Housing Corporation, pays for 75% of both capital costs and operating losses. The Territorial Government's 25% share of the above expenses has been to date shared with the municipalities, who have agreed to carry 10% of the total burden. Housing Authorities are appointed in the communities by the Commissioner. Their function is to see to the occupancy and proper management of these projects. At the moment, based on the experience gained from existing Public Housing developments, an entirely new rent structure and approach to this type of housing is under study. The near future should see a more active role for Public Housing in our communities.

b) Senior Citizens Housing

At the moment there is a project in Yellowknife with projects in Fort Smith and Fort Simpson in the planning stages under Section 35A of the National Housing Act. While the municipal Housing Authorities manage these projects also, the capital cost is shared between C M & H C, 75% and the Territorial Government, 25%. The Municipality does, however, cover 10% of the operating loss incurred by residents who lived in the community prior to entering the project.

c) Single Persons Accommodation

Under Section 16 of the National Housing Act, the Territorial Government is permitted to borrow up to 95% of the capital cost of building residences for single people. A stipulation of this type of loan is that the project must be self-supporting, including amortization of the loan over fifty years. There are currently projects in Yellowknife and Inuvik.

IV. LOW COST HOUSING PROGRAM

This program, instituted by Council in 1962, is to provide mortgage money for the construction of low cost housing.

a) First Mortgage Loans

A person is eligible for a first mortgage loan if:

- he owns the land that is to become security for the loan or
- has a crown lease whose terms exceed those of the mortgage by at least five years
- he does not already have a mortgage with the Territorial Government
- he is unable to obtain a loan under the provisions of the National Housing Act.

The maximum amount available at the moment for first mortgages is \$8,000 at an interest rate set by the Commissioner, for a term not exceeding 25 years.

The borrower's contribution to the total cost of the project must be at least five percent but can be either cash, land, or labour.

b) Second Mortgage Loans

The Commissioner may give a second mortgage loan of a sum not to exceed \$1,000 bearing no interest, over a period of ten years if the individual has received a loan under the first section of this program and if the total cost of construction of the house is less than ten thousand dollars. The equal annual payments due on the second mortgage may be forgiven if the borrower continues to live in the house.

Under this program there have been 68 first mortgages issued for a total of \$397,700 and 66 second mortgages issued for a total of \$65,928."