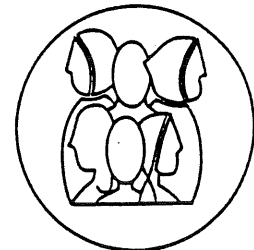


**GOVERNMENT OF THE NORTHWEST TERRITORIES**

**LONG TERM STAFF HOUSING STRATEGY**

**NOVEMBER 1992**



## EXECUTIVE SUMMARY

### INTRODUCTION

The Government of the Northwest Territories has developed the Long Term Staff Housing Strategy to address the many concerns which have been raised about the Staff Housing Program. The Strategy makes significant changes to all aspects of the present program and transfers responsibility for all Territorial Government housing programs to one organization in order to achieve efficiency in program delivery.

The Strategy is designed to ensure a more fair and equitable staff housing program. This program will end the Government's landlord/tenant relationship with its employees, encourage home ownership, and stimulate the growth of a private sector housing market.

### SUMMARY OF CHANGES

- Dispose of all Government owned and leased residential accommodations in Yellowknife, Fort Smith, Hay River and Inuvik.
- Allow qualified tenants in detached single family staff housing units in all communities to purchase the unit they occupy.
- Implement a new rent scale for all staff housing in all communities based on Yellowknife market rates. Increases will be implemented on April 1, 1993. Where such an increase would exceed 25% of a tenant's existing rent, the increase will be limited to 25% of the existing rent, with the balance of the increase implemented on April 1, 1994. Notwithstanding the 25% limitation, a minimum rent of \$500 per unit will be charged in 1993-1994.
- Implement full "user pay" for utilities in staff housing in communities where this is not already done. Starting in January of 1993, tenants will be provided with statements showing the full cost of utilities for their units. By April 1, 1994, tenants will be responsible for paying the full cost of the utilities they consume:

|                        |                     |
|------------------------|---------------------|
| Phase 1 - Electrical   | - April 1, 1993     |
| Phase 2 - Water/Sewer  | - September 1, 1993 |
| Phase 3 - Heating Fuel | - April 1, 1994     |

- Where utilities cannot be metered separately, the utility component of the rent charged will be adjusted to reflect actual costs.



- Eliminate the payment of Employee Household Allowance as it represents a double subsidy for utilities.
- Pay the existing Standard Accommodation Allowance of \$450/month to each employee living in staff housing, when shelter costs reach the equivalent of Yellowknife market rates.
- Provide a Hardship Allowance to employees who occupy staff housing and who pay more than 30% of gross household income on shelter costs.
- Continue to provide furnished staff accommodation in off-highway communities where this is more economical than moving an employee's furniture. Rent for furnished units will be based on the Yellowknife market rate for furnished units.
- Eliminate the provision of furnished staff accommodation in all communities on a highway system.
- Transfer the administration and operation of staff housing from the Department of Personnel and the Department responsible for Government Services and Public Works to the NWT Housing Corporation by April 1, 1994.
- Use the Staff Housing Leaseback Guarantees and the Public Housing Rent Supplement Program, as the primary instruments for supporting northern businesses to develop rental housing in communities outside of the major centres.
- Begin the process of harmonizing staff housing practices, standards and charges with the Housing Programs of the Northwest Territories Housing Corporation.

## **THE LONG TERM STAFF HOUSING STRATEGY**

### **BACKGROUND**

The Government of the Northwest Territories has developed a system of staff housing which provides housing to a limited number of staff in major centres and to about half of its employees who live outside of these centres. This service was developed in order to ensure that staff would have access to adequate and affordable accommodation in situations where there was little other housing available, especially in remote, small, or developing communities.

Over the years, a variety of changes have been made which have resulted in significant differences in the way the program is administered from region to region. Housing standards and rents are different, rules for allocating housing vary and there is little consistency between staff and public housing programs. This has led to some concern about the overall fairness of the programs, and about inequities between Government employees and the general population.

As well, the original conditions the Staff Housing Program was developed to address -- the lack of adequate, affordable and available alternative housing -- have changed considerably. It is no longer necessary, for instance, to consider Yellowknife, and some of the other major centres of the Northwest Territories "remote". Several of these communities now have thriving private housing markets fully able to provide homes for most residents. Continuing to provide subsidized staff housing under these conditions hinders the development of private housing alternatives.

Better training and educational opportunities combined with the application of the Affirmative Action Policy has meant that an increasing number of employees are locally hired. The present Staff Housing Program, which provides furnished rental accommodation to those from outside the community, may not be the most appropriate way to meet the needs of locally hired employees. Many employees would like to own their own homes, but may simply be unsure about making such a major commitment or about the viability of housing markets where none have existed. At the same time, present staff housing programs provide little or no incentive for tenants to take personal responsibility for their own housing, or to conserve energy and water. Since the Government is so active in community housing, these disincentives also hold back the development of private sector alternatives.

Finally, as well as becoming increasingly irrelevant and unfair, fully subsidized staff housing is simply too expensive for the Government to maintain in an era when there is less money to spend.

The Long Term Staff Housing Strategy was developed to address these concerns. The Strategy makes significant changes to all aspects of the present program and is designed to ensure fairness and equity. The Strategy will end the Government's landlord/tenant relationship with its employees, encourage home ownership, and stimulate the growth of a private sector housing market.

## **GUIDING PRINCIPLES**

1. The Government should remove itself from its role of landlord to Government of the Northwest Territories employees.
2. The Government supports the development of housing markets in communities, by the private sector where possible, and the public sector where necessary.
3. Where other housing is available, public housing should only be used by those who cannot afford to house themselves.
4. Staff Housing Policy should promote equity between employees and all other community residents.
5. Employees should have access to affordable housing of a reasonable quality in all communities.
6. Staff housing tenants should pay a fair market rent.
7. Staff housing tenants should pay for the utilities they consume.
8. Staff housing should not be a recruitment incentive.
9. Staff housing policies and programs should be part of a comprehensive long term housing strategy.
10. All housing programs should be managed and controlled by one organization to promote efficiency and effectiveness and to facilitate transfers of responsibility to communities.
11. Government policies should help to develop a housing market in each community which provides a range of housing options for employees and other residents, including the ability to rent or buy.

In developing the Strategy, it became apparent that the provision of staff housing could not be addressed in isolation from other programs designed to meet the overall housing

needs in the Northwest Territories. The problems faced by staff needing housing are very similar to those faced by the public and private housing sectors:

- All housing in the NWT is expensive. No matter what programs are instituted by Government, the true costs of housing will remain high enough that many people will require some type of subsidy program.
- There is insufficient housing in most communities to meet community demand as well as demand for units by Government or private sectors.
- Government staff housing policy and program decisions have major, and sometimes unforeseen impacts upon other housing sectors.

It also became clear that a "staff" housing strategy could not hope to address the full range of housing problems in the Northwest Territories. These problems will be addressed, in the longer term, by transferring responsibility for all Territorial Government housing programs to a single entity. This will help to achieve both short-term efficiency in program delivery and long-term consistency in program design for both public and staff housing.

Since Government staff housing represents a major share of the housing in most communities, the Government recognizes that implementing changes to staff housing programs will have major impacts upon other housing sectors. Without a massive infusion of capital and private development, the demand for housing in the NWT will not be met in the short-term. The Long Term Staff Housing Strategy recognizes this limitation. This means that complete withdrawal of the Government from the provision of staff housing is not feasible or economical at this time. Instead the Strategy focuses on providing staff housing in a way which will encourage employees to pursue other housing options where these options are available and, at the same time, help encourage the private sector to begin to provide those options.

## **THE NEED FOR SOLUTIONS**

In the Northwest Territories, private housing markets exist only in Yellowknife, Hay River, Fort Smith and Inuvik. Local residents have a choice of home ownership or rental accommodation. Public housing is also available for those who need it. However, in most other communities, residents do not have a choice of accommodation. While staff and public housing is available, it is in short supply. The existing housing stock in most communities is far below the levels required. Although the Homeownership Assistance Program has aided the construction of privately owned homes in virtually every community, there is very limited private sector housing available for sale or rent.

In a normal market, the private sector usually seizes this type of opportunity to make a profit. However, due to the high cost of building and providing housing in the NWT, private developers have not been prepared to meet the demand in the absence of security for their investment. Government subsidies and guarantees have been the primary mechanisms for the development of housing.

Many complex factors have contributed to the overall lack of housing. The Territorial Government has accomplished a great deal in its short existence, particularly in providing an infrastructure base for all communities. However, the high rate of population growth has created an urgent need for more housing and other infrastructure. This demand comes at a time when capital dollars and other sources of funding for housing are being restricted, making it impossible for the Government to fully meet every demand.

A number of problems have to be addressed:

**The Government continues to own and lease housing units in larger centres, despite the existence of a housing market in these communities:**

The continued provision of staff housing in Yellowknife, Hay River, Fort Smith and Inuvik discourages opportunities for private development and an expanded private market. The Government pays high maintenance costs for a large and unnecessary inventory of housing.

**There are significant inequities in current staff housing rents:**

In many cases, the rents presently charged for staff housing are significantly less than those charged for housing of similar size and quality on the private market. As well, in some cases, rents for nearly identical units vary substantially.

These factors combine to create inequities between employees occupying staff housing and others in the community.

**There are considerable inequities in how utilities are paid:**

At present, only employees in staff housing in level 1 communities pay for their own utilities. In most communities, employees in staff housing do not pay utility charges. Instead, a flat rate amount is included in their rents. Charging tenants a nominal fee towards the cost of utilities in most staff housing provides no incentive for those tenants to reduce energy or water use. This shelters tenants from the real costs of operating a home. This is also a disincentive for tenants to practice conservation or consider the possibility of homeownership. It provides a considerable subsidy that other Government employees and community residents do not receive.

### **Transporting furniture to off-highway communities is costly:**

In many communities, the high costs of transportation and shipping, when combined with high staff turnover rates, makes removals of employee furniture more expensive than providing furnished accommodation.

### **The responsibility for housing has been fragmented within Government:**

Different departments of Government are responsible for different aspects of housing:

- Department of Personnel: allocation of staff housing;
- Department responsible for Government Services and Public Works: acquisition and maintenance of staff housing;
- N.W.T. Housing Corporation: acquisition, allocation and maintenance of social housing;

The separation of staff and public housing programs has hindered the streamlining and integration of programs to provide improved, more efficient services and cost-effective maintenance and operations.

The separation of the programs means there is little flexibility for making the best use of financial and human resources at the community level. There are also fewer opportunities to utilize economies of scale to encourage private sector housing development.

### **Present methods of supporting and stimulating private housing development as well as home ownership have not been fully successful:**

Existing financing programs through banks, CMHC mortgage guarantees and NWT Housing Corporation programs have proven to be of limited usefulness in encouraging private development and home ownership. Although there are some programs available to potential home buyers, the number of buyers is limited by low incomes relative to the cost of home ownership in remote communities and the uncertainty of making a major investment in communities without a developed housing market.

In communities where private housing markets are non-existent or just emerging, the provision of subsidized staff housing is inhibiting the development of home ownership and private sector rental accommodation.



**There are two different Territorial Government housing programs, with different standards and procedures, operating in communities:**

Differences between the staff and public housing programs have led to perceptions of a double standard:

- different construction and maintenance standards;
- inequitable rent structures;
- staff housing left vacant while other residents need housing;
- inappropriate housing allocations;

**NEW DIRECTIONS**

The elements of the Long Term Staff Housing Strategy address many of the problems associated with housing and resolve the concerns which are within reach. The following is a summary of the key elements of the Strategy:

**Selling Staff Housing:**

The Government will sell all owned housing in the four communities with established housing markets: Yellowknife, Hay River, Fort Smith and Inuvik. Current occupants of Government owned accommodation in Yellowknife, Fort Smith and Hay River have already had the opportunity to purchase the unit they live in.

The Government will now dispose of the remaining units in these communities. Leases for staff housing will not be renewed in the communities. Where possible, the Government will negotiate with lessors to terminate long term leases. All owned houses will be sold at fair market value. Surplus units will be sold in an orderly fashion, so as not to disrupt the current markets. Staff housing tenants in Inuvik who have not yet had the opportunity to consider the purchase of the units they occupy, will be allowed to make offers before the houses are made available to the public.

Since there is the potential for fledgling private markets in most of the larger regional centres, and some owner-occupied homes in every community, the Government will support the development of this market by gradually allowing qualified staff housing tenants in all communities to purchase the unit they presently occupy.

Additional opportunities for the sale of staff housing will be made available by the Housing Corporation after it has reviewed the total housing stock (staff and public) to determine current and forecasted needs.

### **The Rental Structure:**

A new rent scale will be implemented to provide a consistent rent for all employees in staff housing based on Yellowknife market rates. At that point, all employees in staff accommodation will pay similar amounts for similar housing.

While most rents will rise to Yellowknife rates effective April 1, 1993, an immediate move to Yellowknife rates would result in a considerable rental increase for some employees. To soften this blow, increases will be limited to 25% in the first year, with the balance of the increase imposed on April 1, 1994. Notwithstanding this limitation, tenants with extremely low rents will see their rent rise to a minimum of \$500 on April 1, 1993.

All rents will be increased to the full Yellowknife market rate by April 1, 1994.

### **User Pay for Utilities Consumption:**

Starting in January 1993, staff housing tenants will be provided with monthly statements showing the full monthly cost of utilities for their units. This will prepare tenants for the phased implementation of a user pay utilities program.

By April 1, 1994 staff housing tenants will be responsible for paying the full cost of all the utilities they consume:

|         |                |                     |
|---------|----------------|---------------------|
| Phase 1 | - Electrical   | - April 1, 1993     |
| Phase 2 | - Water/Sewer  | - September 1, 1993 |
| Phase 3 | - Heating Fuel | - April 1, 1994     |

Where utilities cannot be metered separately, the utility component of the rents charged will be adjusted to reflect actual costs. Tenants will be eligible for all the generally available subsidy programs provided for utility consumers.

### **Household Allowances:**

The Government currently pays household allowances to staff who occupy their own homes in communities outside Yellowknife where the cost of utilities, maintenance, mortgages and taxes significantly exceeds the costs paid by tenants in subsidized staff housing. Since the subsidies associated with staff housing are being eliminated, and since several other generally available subsidy programs, such as the Territorial Power Support Program and the water/sewer subsidy program, provide similar assistance, this allowance will be discontinued effective April 1st, 1993.

**Accommodation Allowances:**

Currently, employees living in staff housing in many communities do not receive the Standard Accommodation Allowance. Instead, their rents and utilities are subsidized. The Standard Accommodation Allowance will be extended to those employees who will be paying Yellowknife based rents and utilities. The accommodation allowance will automatically begin as soon as the employee's shelter costs reach the full Yellowknife market rate.

**Hardship Allowances:**

The Hardship Allowance presently provides assistance to low income employees who occupy staff accommodation and pay more than 24% of their income for rent. Eligibility criteria for this program will be changed to make employees who pay more than 30% of gross household income for shelter costs (rent and utilities) eligible for the Hardship Allowance. This approach is consistent with other jurisdictions across Canada.

**Furnished Accommodation:**

The Government will continue to provide furnished accommodation in communities off the highway systems. This will be done by ensuring that units leased from private developers are furnished. Rents for furnished units will be based on Yellowknife rates for furnished accommodation. The Government will continue to explore methods for reducing transportation and removal costs and will eliminate the provision of furniture when it becomes economical to do so.

**Unfurnished Accommodation:**

Effective January 1, 1993, only unfurnished staff accommodation will be provided to new tenants in communities on a highway system. Existing furniture will gradually be removed from units in these communities. Present tenants will continue to use the furniture already provided.

**Transfer of Staff Housing to the NWT Housing Corporation:**

The administration of staff housing will be transferred from the Department of Personnel and the Department responsible for Government Services and Public Works to the NWT Housing Corporation, through a phased approach, to be completed by April 1, 1994.

In most NWT communities, there are currently only two options for housing: staff or public. Home ownership opportunities have not yet been fully developed. The differences between the public and staff systems, including types of houses, rents and eligibility rules are very visible. A more coordinated approach to housing is needed. This

can best be accomplished by having one organization responsible for the administration and delivery of all Territorial Government housing programs.

This transfer will allow the Corporation to ensure there is a consistent approach to construction, management and provision of housing. It will encourage private developers to meet housing needs through a dual guarantee of public and staff rentals. The transfer will also facilitate a move to community-based administration of all housing. As well, conditions conducive to home ownership will be easier to create when the staff and public housing programs are coordinated.

### **Addressing the Housing Shortage:**

The Government alone will not be able to meet the demand for housing. Nor does it believe that it should be solely responsible for meeting those demands. Rather, the Government sees its role as facilitating the development of private sector housing markets in most communities so that the people who can afford it can rent, buy or build the housing they need. The Government will continue to provide public housing for those who cannot afford to provide their own housing, but will ensure the provision of staff housing only where the private sector cannot presently do so.

Unique economic initiatives are required to encourage private developers to address the need for housing. Guaranteed occupancy arrangements for staff housing and the NWT Housing Corporation's rent supplement program will be the primary instruments for encouraging northern businesses to develop rental housing in many communities.

Instead of directly providing staff housing, **as at present**, the Government will, where it is possible to do so, make arrangements with **private** developers to construct and manage rental accommodations. The Government **will provide** landlord/developers with a long term commitment to occupy a certain number of units in a building complex.

With the combined power of staff housing **leaseback** guarantees and the public housing rent supplement program, the Government, **through** the Housing Corporation will be able to offer larger, more economically viable **projects** for northern developers in many communities. This will encourage northern **developers** to provide public, staff and private units in the same building complex.

For example, if the Housing Corporation **can guarantee** 10 units under the rent supplement program and guarantee 6 units **under** a staff housing guaranteed lease, then a developer could be encouraged to build a **20** unit complex of leased accommodation. The extra units would be available for **private sector** employees; federal and municipal government employees; NWT Power Corporation employees; and community residents.

The advantages of providing staff housing units in this fashion include:

- more appropriate allocation of units in the community;
- High income government staff living in public housing will be able to move out;
- tenants will lease directly from the developer;
- vacated staff units can be sold or utilized for social housing.

Other significant spin-off benefits may include:

- local employment resulting in less social assistance;
- opportunities for training resulting in greater employability;
- local business development to support the construction industry; and
- long term, local jobs in property management and maintenance.

This combining of staff and public housing projects will start in the 1993/94 construction season.

#### **Harmonizing Staff and Public Housing Programs:**

The combination of all Government housing administration under the Housing Corporation will allow for the eventual harmonization of staff and public housing standards, and facilitate transfers to community control.

