LONG TERM STAFF HOUSING STRATEGY
February 17th, 1993

The Long Term Staff Housing Strategy is the end product of many years of work and a variety of studies. The first study was conducted in 1979 by a joint task force consisting of management and unions. This was followed in 1985 by the Special Committee on Housing. The recommendations from these studies were incorporated into the Long Term Staff Housing Strategy finalized in 1992 by a group of departments including Personnel, Government Services and Public Works, Municipal and Community Affairs, Economic Development and Tourism, the Executive, and the N.W.T. Housing Corporation.

There are a number of reasons for a comprehensive Housing Strategy:

Equity

Employees living in staff accommodation should not receive subsidies beyond those which are available to employees living in other types of accommodation. This Strategy ensures that staff in all regions and communities pay equitable rents and receive uniform housing benefits.

Developing a Private Housing Market

With the exception of the larger communities, there is a very limited private market in the Northwest Territories. The current Staff Housing Program discourages employees from investing in home ownership through the provision of hidden subsidies. This must change to promote a healthy housing economy. Operating public and staff housing as separate programs does not allow developers to benefit from the economies of scale that will allow for the building of more private rental units. Combining the staff and public housing programs under the N.W.T. Housing Corporation will open up more opportunities for private development for both housing rentals and sales.

Landlord/Tenant Relations

The Department of Personnel became a landlord by filling the housing gap in communities which did not have a ready supply of housing. However, this duplicates the role of the N.W.T. Housing Corporation whose mandate is the provision of adequate, affordable and suitable housing for territorial residents. With the Corporation and its agencies as the landlord, those employees remaining in staff housing will deal with one landlord to satisfy all their housing needs.

Rent Equity

The current rent structure is inconsistent and inequitable. Rents between communities and sometimes within communities are different for identical or similar sized units.

Energy Management

There is currently no incentive for employees to be energy conscious. Moving to a system of user pay utilities under the new Strategy will allow employees to manage their own utility usage and cost.

EXPLANATION OF TERMS

Level 1, 2 and 3 Communities

For purposes of the Long Term Staff Housing Strategy, the Government has divided communities into three levels:

Level 1 - Communities with an Established Housing Market

- Yellowknife
- Hay River
- Fort Smith

The Long Term Staff Housing Strategy also treats Inuvik as a level 1 community for purposes of the sale of staff housing.

Level 2 Communities

- Arviat
- Ft. Providence
- Ft. Resolution
- Ft. Simpson
- Ft. McPherson
- Iqaluit
- Norman Wells
- Rae Edzo
- Baker Lake
- Cambridge Bay
- Coppermine
- Rankin Inlet

Level 3 Communities

All other communities are considered level 3 communities.

Shelter Costs

Shelter costs are the combined annual rent costs and the cost of utilities for a unit.

STRATEGY HIGHLIGHTS

Provision of Housing for Staff

- The Government will dispose of all staff housing in Yellowknife, Fort Smith, Hay River and Inuvik.
- The Government will ensure that housing is available for staff in level 2 and 3 communities.

Staff Housing Rent Adjustments

- A new rent scale based on the lesser of Yellowknife or local market rates for all staff housing will be implemented on July 1st, 1993.
- New rents range from $700 a month for an apartment to $1,600 a month for a large house.
- Nurses face some unique housing situations. They often live in nothing more than a small sitting room attached to a nursing clinic and do not enjoy reasonable levels of security, privacy and comfort. The Government has set maximum rates of rent for nurses depending on whether they share common facilities such as kitchens and washrooms. The rents, which include utility charges, will vary from $750 to $1,000 per month. When the Standard Accommodation Allowance is applied to these figures, the actual monthly rate will range from $300 to $550 per month.
- Where nurses have reasonable levels of privacy and security, they will be charged a market rate and a flat charge of $150 per month for utilities. Nurses living in detached units will be charged the same rents as all other employees of the Government.

Accommodation Allowance

- The Standard Accommodation Allowance of $450 per month will be available to all employees living in staff housing (including level 3 communities) who pay the full rent for their unit. Tenants who do not pay the full market rate, but who pay at least 80% of the full rent will receive Accommodation Allowance in the following scale:

Rate of Rent	% of Allowance
80%	$1080
85%	$2160
90%	$3240
95%	$4320
over 95%	$5400

Employees paying less than 80% of the full rent will not be eligible for the Accommodation Allowance.

Household Allowance

Prior to the Long Term Staff Housing Strategy, employees who were private homeowners were provided with an allowance that compensated them for the hirer costs they would incur for the payment of utilities. With the move to full rates of rent and the requirement for staff housing tenants to pay their own utility costs, the allowance will be eliminated July 1st, 1993 for employees who are private home owners. Elimination of the allowance will place all employees on an equal footing.

Shelter Assistance

Tenants who cannot legitimately afford to pay the new rates will receive a rental adjustment to ensure that total costs for rent and utilities do not exceed 30% of gross household income (Attachment #1).

User Pay

- User pay for utilities in staff housing has been in place for many years in Yellowknife, Hay River and Ft. Smith. It will be gradually phased in for level 2 and 3 communities:

Phase 1 - User Know Billings	February 1st, 1993
Phase 2 - Electrical	July 1st, 1993
Phase 3 - Water/Sewer, Heating Fuel	July 1st, 1994

- Where utilities cannot be metered separately, tenants will be charged for utilities at residential rates based on average consumption in the community for similar sized accommodation.

- Tenants will be able to take advantage of the following subsidies:

  - Territorial Power Subsidy Program - first 700 kilowatt hours subsidized to Yellowknife rate.

  - Water/Sewer Subsidy Program - subsidized to rates below those of Yellowknife.

Provision of Furnished Accommodation

- Furnished staff accommodation will be provided in all communities off the highway systems.

- Furniture will be rented to employees at a charge of 80¢ for each square metre in the unit. For an average three bedroom house, the charges will be approximately $80 per month.

Sale of Staff Housing

- The Government will sell all its owned and leased residential accommodation in Yellowknife, Fort Smith, Inuvik and Hay River by April 1st, 1994. Appraisals are currently underway in all affected communities. The sale program will be phased in to avoid disruption to local markets and, once tenants have been given the opportunity to purchase, all remaining units will be offered for sale through local realters.

- All tenants living in level 2 and 3 communities will have an opportunity to purchase the staff housing they occupy. Appraisers will be in all communities before the end of March 1993.

- Appraisals will be conducted by certified property appraisers in cooperation with the tenant. Houses in locations where there is no established market will be appraised at replacement value depreciated for the age and condition of the unit. The houses will be offered to tenants at 90% of the appraised value. This discount recognizes that the Government will not be paying normal real estate fees and legal costs in transactions of this type. Appraisal procedures are outlined in Attachment #2.

- Tenants who are unable to obtain mortgage financing from banks will be able to take advantage of the Government's Lease Purchase Program. The Government will provide financing at prevailing bank rates.

- Tenants who purchase staff houses will have their investment protected by the Government's House Buy Back Program.

Dealing with Tenant Concerns

Many tenants are concerned about the condition of their accommodation and disagree with the assigned sizes of their units which are used to calculate monthly rental rates. The Government knows that some of its units are not up to market standards and could result in higher than normal heating charges. As a result, DPW, Personnel and Housing Corporation staff, will travel to all communities to do energy efficiency audits and to take new measurements, if required.

This process will identify units that are not up to standard. Based on this information, the Government will lower rents accordingly until the unit is repaired. If it is not practical to repair the unit, the lower rental rate will continue.

Transfer of Staff Housing to the N.W.T. Housing Corporation

- The staff housing program will be transferred from the Departments of Personnel and Government Services and Public Works to the N.W.T. Housing Corporation, through a phased approach to be completed by April 1st, 1994.

ATTACHMENT #1

SHELTER ASSISTANCE

Determination of Gross Household Income

The following forms of income for each member of the household are considered as income for purposes of determining shelter assistance:

All forms of income such as salary, self employed earnings, wages, commissions, rents, investment income, part-time earnings, tips, alimony, maintenance payments, child support received from a separated or divorced spouse, court awarded child support payments.

Unemployment insurance benefits.

Old Age security pension, Guaranteed Income Supplement, CPP/QPP pension, private pensions or annuities.

Regular payments from Worker's Compensation, insurance plans, legal settlements.

Employer granted housing allowances, vacation travel assistance provided by the employer that is not used for vacation expenses by the employee.

The following forms of income are not considered to be part of income for purposes of determining shelter assistance:

Child tax credit payments.

Maintenance payments for foster children.

Boarding allowances for students.

Living out or travelling allowances for any household member.

Lump sum payments received from insurance settlements, inheritance, disability awards, sale of effects, capital gains, legal settlements.

Windfall gains such as lotteries or bingo.

Gifts of cash or kind.

Retraining allowances.

Loans grants and bursaries for education and business.

All income, with the exception of employees on paid educational leave, of any household member who is in full time attendance at school.

Treaty payments.

Social Assistance payments.

Vacation travel allowances provided by an employer which are used by the employee for vacation expenses.

Settlement allowances.

The following items are considered as deductions from gross household income:

Deduct $2500/year ($208/month) from gross income earned by any household member who is receiving CPP or QPP retirement benefit.

Deduct the amount of alimony payments from the income of any household member who is paying alimony.

Outline of Appraisal Methods

Professional property appraisers use the following methods to establish values for real estate:

1. Market Method
2. Depreciated Replacement Cost Method

The following is an outline of each of the methods:

1. Market Method

This method establishes a property value by comparing the subject property with similar properties that have been recently sold in "arms-length" transactions (i.e. on the open market). These recently sold properties are adjusted by factors that affect the value. The most common adjustment factors are:

a) **Time:** Property values are not static and changes in market conditions (supply and demand) over time affect values. Therefore, to establish a current market value for the subject property, the appraiser uses comparable sales data from the most recent period during which prices have remained stable.

b) **Location:** The comparable sale's location can have a significant impact on the value. A comparable sale in the same neighbourhood would require no adjustment while one in another neighbourhood would require an adjustment based on the particular advantages and disadvantages of the location.

c) **Physical Characteristics:** Many factors such as design, age, construction, condition and lot size affect the adjustments required.

The final value assigned the comparable sale is based on what the appraiser feels the comparable property would have sold for if it were similar to the subject property. The market method is the considered to be the most reliable method of establishing property value.

2. Depreciated Replacement Cost Method

This method establishes a property value by adding the estimated land value (where land is being sold) to the depreciated value of the building. The value of the building is established through use of the Replacement Cost Manual published by Marshall & Swift. These costs are factored presently by 1.8 to establish a Yellowknife replacement cost and, if necessary, adjusted further using a community factor supplied by the Central Mortgage and Housing Corporation.

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Outline of Appraisal Methods

Once this value has been determined, it is depreciated (value loss) based on the appraiser's analysis of the property deterioration and obsolescence, taking into account the tenant's observations and concerns. Deterioration is lost value due to structural defects and wear and tear which either have not been or cannot be corrected. Obsolescence is either functional (results from changes in design, technology or consumer tastes and preferences) and economic (changes in neighbourhoods and market conditions, external to the property). This depreciation is subtracted from the replacement cost which establishes the value of the building.

If land is being sold, it's estimated value is added to the depreciated replacement cost of the building to arrive at total value for the property.

Market Communities

In market communities such as Inuvik, Yellowknife, Ft. Smith and Hay River, the appraiser establishes property value through a conventional approach using both the depreciated replacement cost method and the market method. The two results are compared and the appraiser makes a final opinion of value.

Non-Market Communities

In non-market communities (referred to the GNWT as "level 2 and 3 communities"), the appraiser uses the depreciated replacement cost method and attempts to obtain any comparative sales data in order to use the market method. Where reliable data is available the appraiser includes it as part of the appraisal. In most level 2 and 3 communities there are limited (often none) open market sales of housing, therefore, the appraiser must rely on the depreciated replacement cost method to establish a property value.