

**STAFF HOUSING STRATEGY - RESPONSES**

The Chairperson of the Ordinary Member's caucus made a statement on February 17, 1993 outlining some of the concerns of the Members about the Government's Long Term Staff Housing Strategy. It was useful to know that Members supported the proposed direction. These are responses to the questions raised in the Statement and they could provide a good basis for a detailed discussion of the Strategy.

Clarification was requested on the following issues:

1. **Question** - How relevant and current is using Yellowknife market rents as a basis for calculating new rents.

Answer - The Yellowknife rates were chosen as the base for the new rents because Yellowknife rates are far below what it costs the Government to provide housing in most other N.W.T. communities. This means that most staff housing tenants are not being charged as much as they would pay if they were in private rental accommodation. In most communities, there will continue to be a subsidy of staff housing rents. It is also important to remember that the new rents are based on the lesser of Yellowknife or local rates.

Before deciding on the new rents, the Government contracted a private company to undertake a study of housing rental costs in the N.W.T. They surveyed communities where the necessary numbers and types of units to determine fair base rents were available.

This market survey showed that it would have been too costly for staff if the Government had used regional market rates or charged what it actually costs the Government to build, operate and maintain housing in each community. As well, since the Canada Mortgage and Housing Corporation does bi-annual surveys in Yellowknife, (the only N.W.T. community where they do), the Government can verify these figures on an on-going basis.

Finally, the salary structure for staff is based on the Yellowknife cost of living. Negotiated settlement allowances are provided in communities where the cost of living is higher than Yellowknife to give all employees the same purchasing power. Using a Yellowknife rent base, rather than higher community based rents, is consistent with this principle.

2. **Question** - How to achieve the Government's stated goal of "rent equity" between communities when the only criteria for rent calculation is square footage, without regard to age, condition or varying costs of living. As well, the charging of different rents for identical units.

Answer - The square metre formula, ensures that rents are fair by charging exactly the same rent for units that are the same type and size, regardless of the community. This will eliminate the inequity of charging different rents for identical units.

This formula was developed by examining a large number of units for each of several types of housing; single detached units, apartments, duplexes, trailers; and separate square metre charges were determined for each type of housing. This means that a 100 square metre detached home will have a different rent than a trailer or apartment of the same size.

The square metre charge was calculated assuming that all units were in acceptable condition, could meet community average utility consumption rates, and had been properly measured.

The Government realizes that not all of its units are of the same quality. This could mean higher than normal heating costs. As well, we know that many tenants disagree with the assigned sizes of their units which are used to calculate monthly rental rates. Therefore, a team of officials from DPW, Personnel and the N.W.T. Housing Corporation will travel to each community in the next two months to conduct energy efficiency audits and to take new measurements if required. Rental adjustments will be made where needed.

3. **Question** - What are the costs and benefits of improving staff housing (energy efficiency, interiors, plumbing) to a minimum acceptable standard.

Answer - At this point, detailed cost estimates are not available. However, the condition of units will be accurately assessed by visits to each community this spring. The cost of repairs will be identified and an assessment will be made. When the full costs are known, a decision will be made about whether to upgrade units, reduce rents, or sell the houses to tenants on an "as is where is" basis at a reduced rate. The purchasers can then upgrade the units to satisfy their own needs.

4. **Question** - The fairness of the formula for calculating the "hardship" allowance, the definition of "income" and whether dependents and extended families can be considered.

Answer - The hardship allowance has been renamed to "shelter assistance" to remove the connotation of a welfare type benefit. It will be treated as an adjustment to rents rather than as a taxable cash payment. The assistance will ensure that no tenant pays more than 30% of gross household income towards rent and utilities. This 30% figure is the standard used across the country as a fair proportion of income devoted to shelter costs. In fact, banks advise mortgage clients to budget a maximum of 30% of income towards shelter costs.

The definition of gross household income includes the incomes of all household residents including accommodation allowance. It does include the incomes of resident extended families, however, it does not include the incomes of seniors on pensions, residents receiving training or educational allowances, payments for vacation travel assistance and settlement allowance.

5. **Question** - Can rent be adjusted to consider over-accommodation resulting from limited choice of units in small communities?

Answer - The provisions for rent reductions for over accommodation were removed from the housing policy 2 years ago and rents are not adjusted to reflect a lack of choice of housing in the community. However, it may be possible to reassign units within the community so that tenants rent the size of unit needed for their families. After the staff housing program is transferred to the Housing Corporation on April 1, 1994, the combination of public and staff housing will provide a larger pool of accommodation from which tenants can choose.

6. **Question** - What is the status of employee's current rental agreements.

Answer - Most tenants have arrangements which cannot be amended without the mutual agreement of the tenant and the landlord. The Government does not intend to take unilateral action to amend the terms of the lease. It will honour its legal obligations. However, tenants will be asked to sign new fixed term leases and pay the cost of electricity at residential rates direct to the supplier. Those who decide not to sign a new lease will have their rents amended to include a charge for electricity which will be

4. **Պատժի** - օճակ քանակության նվազանցից զրկվելու և ծրագրված ցուցանիշներին հասնելու համար, օրինակ՝ «Հանրահայրենական կոմիտեի» մասին դրված հարցերի պատճառով հասնելու դեպքում համարվում է ծրագրի իրականացմանը պայմանականորեն զրկվելու:

Քննարկ - հարցերից հանրահայրենական կոմիտեի և Կոմիտեի քանակության նվազանցից զրկվելու պայմանականորեն զրկվելու և ծրագրված ցուցանիշներին հասնելու համար, օրինակ՝ «Հանրահայրենական կոմիտեի» մասին դրված հարցերի պատճառով հասնելու դեպքում համարվում է ծրագրի իրականացմանը պայմանականորեն զրկվելու:

Ծրագրի կատարմանը հանրահայրենական կոմիտեի և Կոմիտեի քանակության նվազանցից զրկվելու պայմանականորեն զրկվելու և ծրագրված ցուցանիշներին հասնելու համար, օրինակ՝ «Հանրահայրենական կոմիտեի» մասին դրված հարցերի պատճառով հասնելու դեպքում համարվում է ծրագրի իրականացմանը պայմանականորեն զրկվելու:

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based on average consumption for the unit at much higher government (commercial) rates to allow for the recovery of the actual costs paid by Government.

7. **Question** - What is the latest proposed date of implementation. The imposing of new rents on new employees and those who move, even in advance of the implementation date.

Answer - It was announced on Monday February 15, 1993 that implementation of the Strategy would begin July 1st rather than April 1st of this year. Some of the reasons for this delay are technical and concern the serving of rental increase notices, others deal with concerns by employees that they don't have enough information or that they don't understand the level of subsidies that will still be available. The extra time will be used to make sure the 1,800 staff members affected by the changes develop a better understanding of the Strategy and know exactly what the new rates will mean to their personal budgets.

The implementation date of July 1, 1993, applies to existing tenants in their current units. New tenants and tenants who move to new units prior to the implementation date will be charged the new rents immediately. This recognizes that the new rent structure is already in place and will be applied to all vacant units. The rents for existing occupants will all take effect on July 1, 1993 as the Government will honour existing commitments. Implementation of user pay water/sewer and heating fuel has been pushed back to July 1, 1994 - a little over 16 months from now. The delay will give everyone ample time to adjust their expenditures to ensure their shelter costs are met.

8. **Question** - What is the method of calculating purchase prices for staff houses?

Answer - The units will be appraised by a certified private sector property appraiser with the involvement of the tenant. The appraisers will be in communities before April 1, 1993 to complete the work.

In level 2 and 3 communities, where there is no established market, appraisers will determine the construction cost of the unit for the community in which the unit is located and depreciate this price for the age and condition of the unit. The opportunity to purchase will then be given to the tenant at a price which is 10% below the appraised value. This recognizes

that the Government will not incur the normal legal costs and real estate fees for the sale of these units in level 2 and 3 communities.

In Level 1 communities, the units will again be appraised by certified appraisers, in cooperation with the tenant. The value will be determined by what is known by the Direct Comparison method. This method estimates the market value through a comparison of similar properties which have been sold recently. The occupant will then be given the opportunity to purchase. Level 1 units which are not sold as a result of this process will be sold by local real estate agents who will list the properties through their normal processes for sale to the public.

9. **Question** - Will multiple units be available for sale?

Answer - Multiple units will be sold if the tenants request the opportunity to make an offer. In level 1 communities, those multiple units not sold to tenants will be offered for sale to the public.

10. **Question** - The number of houses to be offered for sale to employees. The effect of sales of staff units on operational needs in a community.

Answer - All units in Level 1 communities will be sold. New employees are required to locate accommodation on the private market. All the detached units in Level 2 and 3 communities will be offered to the tenants. However, those which are not sold will be retained as rental accommodation. The Government's House Buy Back Program guarantees that if an employee is unable to sell their house in a level 2 or 3 community when they leave the community, the Government will buy the units back. It is not expected that the sales will affect the ability of the Government to deliver programs and services to the public.

If more units are required due to the number of tenants who buy houses, guaranteed occupancy agreements will be entered into as an encouragement to the private sector to build more houses.

11. **Question** - The impact of the sale of staff housing units in Level 2 and 3 communities on operational requirements if an employee retires or sells the unit to the private sector.

Answer - If this occurs, it will result in an increase in the numbers of privately owned units in communities. This is a very positive development and one which is encouraged by this Strategy and the programs of the Housing Corporation. If employees sell their units on the private market, new staff members will have the opportunity to buy as well. Where this occurs and the unit is lost to the staff housing inventory, the Housing Corporation will satisfy the needs for additional housing through guaranteed occupancy agreements with the private sector.

12. **Question** - the future of leased staff housing, especially where these units are the majority in the community.

Answer - Government leases for level 1 communities will not be renewed as they expire. The administration of longer term leases may be contracted out to a property management firm to manage until leases expire.

In level 2 and 3 communities, no new leases will be entered into. The Government will enter into guaranteed occupancy agreements with landlords similar to the Rental Supplement provisions for public housing. Under this arrangement, the Government guarantees occupancy for a certain number of units and pays the developer the difference between staff housing rates and the actual private market rental rate. Tenants in existing lease arrangements will be able to stay on, but they will lease directly from the private sector.

13. **Question** - Incentives for energy conservation.

Answer - The proposed user pay utilities initiative is designed specifically as an incentive to energy conservation. Currently, there is no financial incentive for tenants to conserve. As a result, while some tenants are reasonable in their use of utilities, there are many who have no regard for cost. Other options were considered to encourage conservation, but in the end, it was decided to pursue the user pay approach.

The costs incurred by the tenant under this new system will be directly affected by the individual energy conservation measures they take. The Territorial Power Support Program subsidizes electrical rates to the extent that the first 700 kilowatt hours of consumption are charged at Yellowknife rates which are significantly below those of many communities. This should encourage tenants to lower consumption rates to stay within the limits of the subsidy.

Saving money, thereby increasing disposable incomes is a major incentive to conservation. At the same time, having tenants pay for their own utilities places them on a level playing field with their private sector counterparts.

The Departments of Public Works and Energy, Mines and Petroleum Resources will develop and deliver energy conservation information programs to assist tenants to understand the measures they can take to conserve and save money.

14. **Question** - The impacts of the proposed removal of the private accommodation allowance and the provision of incentives to private homeownership.

Answer - There are 2 forms of private accommodation allowance. The first is known as the Standard Accommodation Allowance which will not change as a result of the Strategy. All employees in staff housing will receive this benefit when they begin paying full rent. Employees who provide their own housing will continue to receive the Allowance.

The other allowance is called the Household Allowance and is being eliminated. This allowance was originally provided to homeowner employees whose utility expenditures exceeded by 20%, the costs they would pay if they occupied staff housing.

352 employees are currently receiving allowances ranging from \$30 per month in Ft. Providence to \$380 per month in Pelly Bay.

With the move to full market rents in all communities, and the user pay utilities initiative, there will not be a significant difference between the utility costs in staff or private housing.

15. **Question** - The projected impacts on staff turnover.

Answer - There is no way to predict whether there will be increased turnover of staff as a result of the Strategy. It is interesting to note that in 1992, 75% of the people appointed to the public service were northerners. Many of these northerners were hired from their home communities and were not provided with housing.

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The Government's turnover has decreased dramatically over the years from the time when it exceeded 29% to today's figure of 17%. However, any change is unsettling and could cause turnover. There is a strong interest in other parts of the country to work in the Northwest Territories. For example, last year, a total of 4229 applications were received for 224 teaching positions.

All departments will utilize a standard exit interview format to determine the reasons for staff turnover. The statistics will be closely monitored to determine whether there is a significant turnover of staff related to this initiative.

16. **Question** - The projected impacts on affirmative action.

Answer - It is not expected that the Strategy will have a negative impact on affirmative action. Staff at the community level will hopefully take advantage of the opportunity to purchase housing either through the Staff Housing Program or through the Access Programs of the Housing Corporation. The Shelter Assistance (hardship allowance) will protect the incomes of low income earners. In any event, the affirmative action statistics will be closely monitored to determine whether the Strategy has a negative impact.

There are very few affirmative action people in staff housing because they are largely local hires who are not often provided with staff housing.

17. **Question** - The administrative costs and cash flow impacts on a) municipalities, and b) N.W.T. Power Corporation.

Answer - a) Moving to user pay for water and sewer charges will mean that municipalities will be paid directly by staff housing tenants for the water they use, instead of the municipality receiving the full payment from the Government. While the private residential rate is lower than the rate the Government presently pays, municipalities will not see a decrease in revenue since they will be able to recover the balance through the Water and Sewer subsidy program.

This program pays municipalities the difference between the full cost of water and sewer services and the lower rate paid by residential users. The funds required will be transferred from the present appropriation for the Department of Municipal and Community Affairs when the Estimates for the 1994/95 fiscal year are presented to the Assembly.

Administratively, there should be little in the way of increased costs attributable to this change since, on average, only ten to twenty new water accounts will need to be added to those presently billed and administered by each municipality.

b) Electricity used by staff housing tenants in most communities is metered at the Government domestic rate, which is higher than the Domestic rate. When user pay is introduced, tenants' accounts will be switched to the lower Domestic rate.

During the past year, oil prices have stabilized, inflation has declined, and the Corporation has significantly reduced its operating costs. These cost reductions mean that power rates should not increase faster than the rate of inflation.

18. **Question** - The costs and benefits of individually metering all utilities.

Answer - The principal saving the GNWT expected to gain from moving to individual metering was reduced consumption as people modified their present practises to lower their own bills. Tenants who will now be in control of their own utility consumption will be able to benefit from their own conservation efforts.

Reduced consumption will also benefit the community at large, since many community systems are presently at or near capacity.

The administrative and equipment costs for individual metering will not be great, since individual billing mechanisms are already in use for non-government consumers and, in most cases, meters are already in place. Municipalities and suppliers of electricity and fuel oil will simply be dealing with a few more customers in each community, rather than with the GNWT.

The Government will pay the cost for new water meters where they are required, and are economical to install, and will make provision for electric meters in the 110 units which are currently unmetered. Units which are not presently metered are usually multiplexes or apartments that do not have separate heating units. Where it is not feasible or economical to install individual meters, flat rate charges based on community average consumption will be billed.

19. **Question** - The availability of units in the N.W.T. Housing Corporation's Access Program in all communities.

Answer - Units under the Housing Corporation ACCESS program are allocated each year based on a needs survey. The allocations for the current year are outlined below. The Housing Corporation also has other programs that encourage home ownership and details of these programs can be provided to members if they are required:

Arctic Bay	2	Arviat	9
Clyde River	2	Baker Lake	6
Cape Dorset	2	Chesterfield	2
Broughton	0	Coral Harbour	3
Grise Fiord	2	Rankin Inlet	8
Igloodik	2	Repulse Bay	1
Hall Beach	1	Whale Cove	1
Iqaluit	3		
Lake Harbour	1	Keewatin	30
Pangnirtung	2	Bathurst Inlet	0
Pond Inlet	3	Bay Chimo	0
Resolute Bay	0	Cambridge Bay	7
Sanikiluaq	1	Coppermine	6
Baffin	21	Gjoa Haven	4
		Holman Island	1
Enterprise	0	Pelly Bay	2
Fort Liard	1	Taloyoak	3
Fort Providence	2	Kitikmeot	23
Fort Resolution	3	Dettah	2
Fort Simpson	10	Lac La Martre	7
Fort Smith	12	Rae Edzo	14
Hay River	6	Rae Lakes	6
Lutselke	1	Snare Lake	4
South Slave	35	Yellowknife	6
		North Slave	39
		Tuktoyaktuk	4
		Paulatuk	2
		Aklavik	4
		Arctic Red River	2

19. **ልግግ** - ወይም ከሚኖሩበት ሁኔታ አንድ ወይም ሌላ ለሌላው ለመቆየት ለሚችሉት ሁኔታዎች ናቸው።

የሥራ ስም - ለሥራ ስም ለሚያስፈልገው ሁኔታ አንድ ወይም ሌላ ለሌላው ለመቆየት ለሚችሉት ሁኔታዎች ናቸው። ለሥራ ስም ለሚያስፈልገው ሁኔታ አንድ ወይም ሌላ ለሌላው ለመቆየት ለሚችሉት ሁኔታዎች ናቸው።

ልግግ	2	ሥራ ስም	9
ከሥራ ስም	2	ሥራ ስም	6
የሥራ ስም	2	ልግግ	2
የሥራ ስም	0	ሥራ ስም	3
ሥራ ስም	2	ከሥራ ስም	8
ሥራ ስም	2	ሥራ ስም	1
ሥራ ስም	1	ሥራ ስም	1
ሥራ ስም	3	ሥራ ስም	30
ሥራ ስም	1	ሥራ ስም	
ሥራ ስም	2	ሥራ ስም	0
ሥራ ስም	3	ሥራ ስም	0
ሥራ ስም	0	ሥራ ስም	7
ሥራ ስም	1	ሥራ ስም	6
ሥራ ስም	21	ሥራ ስም	4
		ሥራ ስም	1
		ሥራ ስም	2
ሥራ ስም	0	ሥራ ስም	3
ሥራ ስም	1	ሥራ ስም	
ሥራ ስም	2	ሥራ ስም	23
ሥራ ስም	3	ሥራ ስም	
ሥራ ስም	10	ሥራ ስም	2
ሥራ ስም	12	ሥራ ስም	7
ሥራ ስም	6	ሥራ ስም	14
ሥራ ስም	1	ሥራ ስም	6
		ሥራ ስም	4
ሥራ ስም	35	ሥራ ስም	6
		ሥራ ስም	39
		ሥራ ስም	
		ሥራ ስም	4
		ሥራ ስም	2
		ሥራ ስም	4
		ሥራ ስም	2

Fort Franklin	5
Fort Good Hope	6
Fort McPherson	4
Fort Norman	3
Inuvik	6
Norman Wells	2
Sachs Harbour	2
Inuvik	40

Total Units - 188

ግጥም ግራፊካ	5
ግጥም ጋር ዘገባ	6
ግጥም ለግራፊካ	4
ግጥም ለግጥም	3
ግጥም ለግጥም	6
ግጥም ለግጥም	2
ግጥም ለግጥም	2
ግጥም ለግጥም	2
ግጥም ለግጥም	40

ግጥም ለግጥም ለግጥም - 188