

The Cost of Addressing Core Housing Need in the Northwest Territories

If you would like this information in another official language, call us.

English

Si vous voulez ces informations dans une autre langue officielle, contactez-nous.

French

Kīspin ki nitawih̄tīn ē nīh̄yawih̄k ōma ācimōwin, tipwāsīnān.

Cree

Tłıchq̄ yatı k'èè. Dı wegodi newq̄ dè, gots'ō gonede.

Tłıchq̄

ʔerih̄t'ís Dēne Sų́nė yatı t'a huts'elkēr xa beyáyatı theᓐᓐ ᓐat'e, nuwe ts'ēn yóttı.

Chipewyan

Edı gondı dehgháh got'je zhatıé k'éé edat'éh enahddhę nıde naxets'é edahí.

South Slavey

K'áhshó got'jne xədə k'é hederı ɔedjht'é yerıııwę nıde dúle.

North Slavey

Jii gwandak izhii ginjık vat'atr'ijáhch'uu zhit yınohthan jı', diıts'at ginohkhii.

Gwich'in

Uvanittuaq ilitchurisukupku Inuvialuktun, ququaqłuta.

Inuvialuktun

Ć^bđ< ᑎᑎ^{sb}Δ^c ᐱᓯᐱᓐᓯ^c Δᓐᑎᑎᑎ^{sb}ᓯᐱᓐᑎ^b, ᐅᓐᓐᑎᓐᓐ^c ᐅᓐᓐᓐᓐ^{sb}ᑎᑎ^c.

Inuktitut

Hapkua titiqqat pijumagupkit Inuinnaqtun, uvaptinnut hivajarlutit.

Inuinnaqtun

Indigenous Languages:

867 767-9346 Ext. 71037

French:

867-767-9348

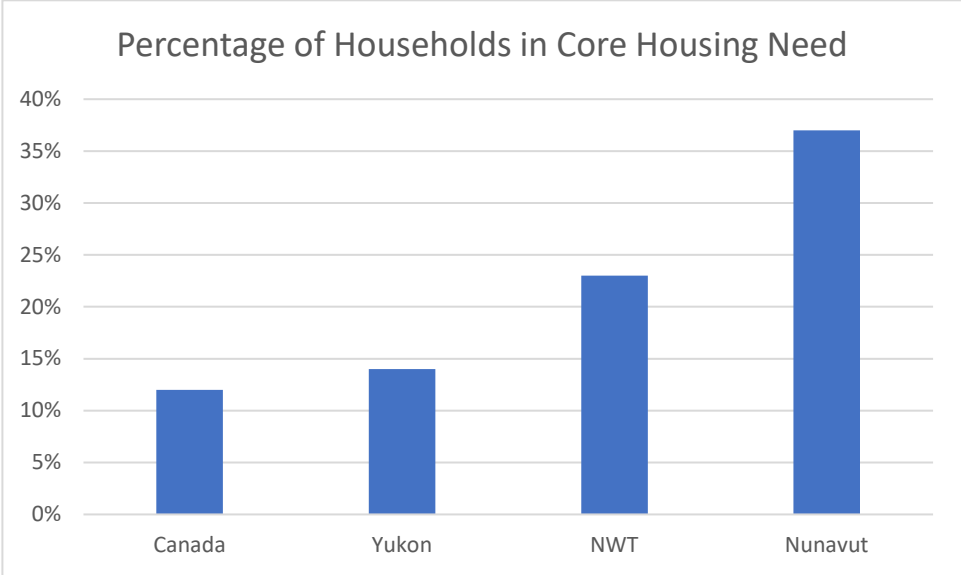
866-561-1664 Toll Free

Table of Contents

Introduction	2
Part A – Core Housing Need in the Private Housing Market	4
Current State of Core Need	4
Cost of Addressing Core Need	5
Suitability	6
Adequacy	7
Affordability	7
Combinations of Problems.....	8
Adequacy & Affordability.....	8
Suitability & Affordability.....	9
Suitability & Adequacy.....	9
Suitability, Adequacy & Affordability.....	9
Housing NWT Actions Addressing Core Need (Programs and Strategies).....	9
Community Housing Plans	10
Federal Funding Partnerships (Rapid Housing Initiative, Co-Investment, Canada-NWT Housing Benefit)	10
Homeownership and Repair Programming and Community Housing Support Initiative Program.....	11
Capital Investment.....	11
Program Policy Changes.....	12
Part B – Housing NWT Infrastructure Deficit	13
Background	13
Public Housing Portfolio.....	15
Infrastructure Deficit – Current and 20-Year Outlook	17
Priority Repairs.....	19
Part C – A Plan to Address Core Housing Need	21
2021 HOUSING NWT Strategic Renewal	21
Partnerships	21
Funding	22

Introduction

Core housing need in the Northwest Territories (NWT) remains persistently high and has even increased from its levels in 2000. Approximately 1 in 5 NWT households (20%) were in core housing need in 2000. By 2019 this statistic rose to nearly 1 in 4 households (23%; or 3,483 out of 14,760 households in the NWT), according to the 2019 Community Housing Survey (NWT Bureau of Statistics). The NWT’s level of core housing need is therefore well above the national rate of 12% (Statistics Canada, 2018), and to bring the NWT rate of core need in line with the national rate would require a reduction by almost 50% in the number of households in core need. For comparison, the level of core housing need in the other two Canadian territories is approximately 14% of Yukon households (Government of Yukon, 2018), and 37% of Nunavut households (Statistics Canada, 2016).¹ The table below illustrates this comparison.



In 2017, the report *Towards Level Ground* was produced by Housing NWT to outline the state of core housing need in the NWT and the actions taken by Housing NWT to address core need. As part of the Standing Committee on Accountability and Oversight’s review of Housing NWT’s 2022-23 Main Estimates, Housing NWT committed to providing an update on the work being done to address core need in the NWT. Building off the *Towards Level Ground* report, this paper highlights the potential cost to eliminate all core need in the NWT of approximately \$300 million in capital and \$18 million in on-going operational funding and identifies the need for partnerships to significantly improve the level of core need in the NWT.

¹ A note about core housing need data: this report aims to use the most current statistical depiction of core housing need available, meaning different sources are used for each of the territories’ and Canada’s numbers. Core housing need can be defined and reported on slightly differently by different organizations, which may be reflected in the numbers used. However, these numbers are only intended to be illustrative of the issue at hand.

Helping to inform the *Towards Level Ground* report, from November 2016 to March 2017 Housing NWT conducted a housing engagement survey titled *Voices on Housing* to seek feedback from residents and stakeholders to renew its strategic actions. This feedback has helped Housing NWT focus its short- and long-term investments as it strives toward the vision of affordable, adequate and suitable housing for all NWT residents. The *Voices on Housing* report was tabled in the Legislative Assembly in June 2017.

Core housing need in the NWT is defined as a household that fails to meet one or more of the following standards: adequacy (home condition), suitability (overcrowding), and affordability (cost of living), *and* has a total household income below the Core Need Income Threshold (CNIT). The table below helps to further define core need:

Adequate Housing: Having running water, an indoor toilet, bathing and washing facilities, and must not require major repairs.

Suitable Housing: Determined by comparing the number of bedrooms a dwelling has to the number of bedrooms it would require under the National Occupancy Standards based on the makeup of the family.

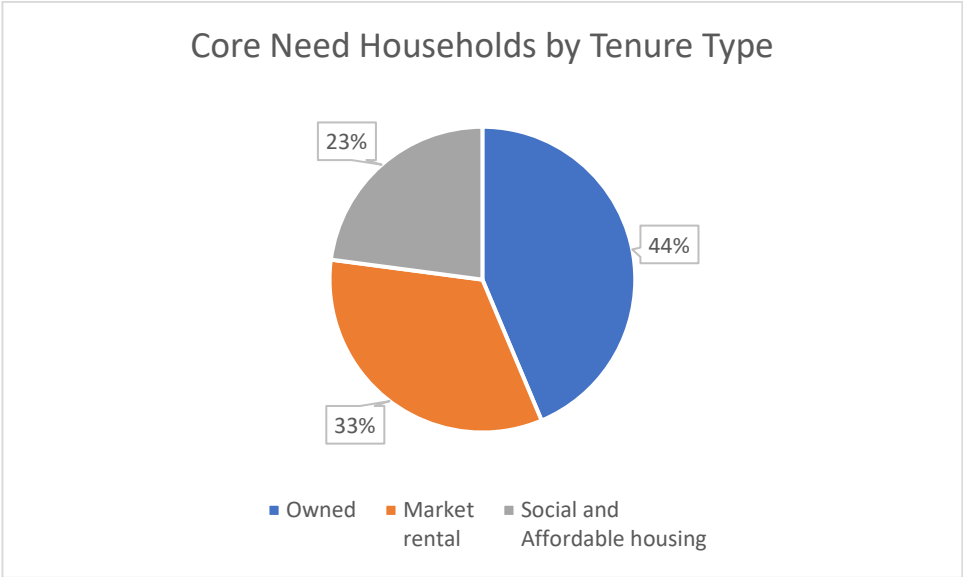
Affordable Housing: Housing costs, including utilities, rent or mortgage payments, insurance, and taxes are less than 30% (about one third) of the total household income.

It is important to understand what core need looks like in the context of the NWT. In many cases, adequacy issues can be addressed through repair and renovation. Houses beyond economic repair may require complete replacement and new construction. Addressing suitability, or overcrowding, would generally involve construction of new units. Where appropriate, adding additional bedrooms would also alleviate the problem of suitability. Affordability is a complex issue in the NWT that may be related to the cost of living such as utility costs, level of income and therefore job opportunities, development and building costs, rental availability and condition of dwellings. Improvements in any and all of these areas will positively impact affordability.

This report contains three sections recognizing the unique context of housing in the NWT: the first describes the level of core housing need in the private housing market, and how this could be addressed; the second focuses on Housing NWT's public housing portfolio and the investment needed to support addressing core housing need through the public housing program; and the third describes Housing NWT's plan to address core housing need in the territory moving forward.

Part A – Core Housing Need in the Private Housing Market

The 3,483 NWT households in core housing need as of 2019 cover the spectrum of housing tenure, however many of these households are either homeowners (44%) or renters in the private market (33%), with less than a quarter of core need households living in social or affordable housing (23%). Note that for households in social and affordable housing, inadequate housing was the most reported problem. The table below illustrates this comparison of core need by tenure type.



This section focuses on the level of core housing need in the NWT’s private housing market, and actions that could address this.

Current State of Core Need

In 2019, the NWT Bureau of Statistics conducted a territory-wide Community Housing Survey which identified the number of households in core need in the territory, based on self-identified suitability, adequacy and/or affordability problems. The results identified that in 2019, 23.6% or 3,483 households in the NWT were determined to be in core need, which is double the national average of 11.6% (Statistics Canada, 2018). A household in the NWT is therefore twice as likely to be in core need compared to a household elsewhere in Canada. It is important to also keep in mind that within the territory, there are regional differences in the level of core housing need. For example, a household in the Tłıchq region is almost twice as likely (37%) to be in core housing need as a household in Yellowknife (21%).

Addressing households in core need requires a multi-faceted approach depending on the type of housing problem a household has. Some households may be overcrowded; some households may live

in dwellings in sub-standard condition; some households pay an excessive amount for their shelter; and some households face issues with a combination of these problems. The table below presents the total number of households in the NWT facing each of these issues, or a combination of them.

Households in Core Need by Housing Problem and Tenure

Problem	Households	Homeowners	Market Rentals	Social or Affordable Housing
<i>Core Need (total)</i>	3483	1521	1164	798
Adequacy Only	809	454	50	305
Affordability Only	1,775	697	885	193
Suitability Only	182	20	22	140
Adequacy and Affordability	432	252	114	66
Adequacy and Suitability	116	54	4	58
Suitability and Affordability	116	21	76	19
Adequacy, Affordability and Suitability	53	19	12	22

Source: NWT Bureau of Statistics (2019)

To model an order of magnitude for the resources required, one could look at the prevalence of all three of these problems within core need households: suitability or overcrowding represents 13.2% of all core need households; adequacy or condition of dwelling represents 40.3% of core need households; and affordability affects 68.1% of core need households.

Cost of Addressing Core Need

A modelled estimate for addressing all core housing need problems utilizes an approach of assigning the cost of a specific housing solution appropriate for the type of housing problem. Using this approach provides an overall estimate of \$306.1 million in capital expenditures and \$18.2 million in on-going O&M funding to address the core need housing problems of all 3,483 households in core need in the NWT, as shown in the following table. Following the table are suggested methods of addressing each problem in the NWT. Note that the methods discussed are simply potential options which will require further evaluation. It is expected that through Housing NWT's Strategic Renewal process (see Part C), these and other options to help address core housing need will be considered.

Estimated Cost of Addressing Core Need in the NWT

Problem	Households	Average Cost per Household	Total (\$ millions) – capital	Total (\$millions) – on-going O&M/year
Suitability Only ¹	182	-	-	-
○ Homeowners	20	\$300,000	6.0	-
○ Renters	22	\$6,000/year	-	0.1
○ Social and Affordable Housing	140	\$500,000 \$20,000	70	2.8
Adequacy Only ²	809	\$150,000	121	-
Affordability Only ³	1,775	-	-	-
○ Homeowners	697	\$6,000/year	-	4.2
○ Renters	1,078	\$6,000/year	-	6.5
Suitability and Adequacy ⁴	116	\$250,000	29	-
Suitability and Affordability ⁵	116	-	-	-
○ Homeowners	21	\$300,000 \$6,000/year	6.3	0.1
○ Renters	76	\$6,000/year	-	0.5
○ Social and Affordable Housing	19	\$500,000 \$20,000	9.5	0.4
Adequacy and Affordability ⁶	432	-	-	-
○ Homeowners	252	\$150,000	37.8	-
○		\$6,000/year		1.5
○ Renters	180	\$6,000/year	-	1.1
All 3 Problems ⁷	53	\$500,000 \$20,000/year	26.5	1.0
Total Core Need	3,483		306.1	18.2

Suitability

Core need households with only a suitability (or overcrowding) problem represent 1.2% of all NWT households, or 182 households total. For homeowner households with a suitability problem, the opportunity to expand their home or to purchase or build a new, larger home could address the issue. Enriched HOUSING NWT homeownership programs could assist with home purchases, however the impact would likely be mitigated by a lack of housing stock on the market, particularly in rural and remote communities in the NWT. For the purposes of this report, an estimated cost to add an additional bedroom to an existing home of approximately \$300,000 has been used.

About 12% of NWT households with a suitability problem only (22 total) are in market rental dwellings. Potential actions to create more suitable homes for rentals could include use of the Canada-NWT Housing Benefit (CNHB) rent subsidy to move into larger units, and supporting organizations developing

rental projects through the National Housing Co-Investment Fund. For the purpose of this report, \$6,000/year per household for the CNHB subsidy has been used, representing a mid-range benefit of \$500/month provided under this Program.

Three quarters of NWT households with a suitability challenge only (141, or 77%) are living in social or affordable housing. Addressing suitability in this case would involve either constructing additions to existing public housing units, or building new units. This might include a focus on bachelor and 1- or 2-bedroom units, to create options for young adults to move out of their family home and thereby reduce overcrowding.

For illustrative purposes, the estimated construction cost of a unit in a multi-unit singles complex and two bedroom units range between \$400,000-\$600,000 per unit. The estimated cost of an addition to an existing unit is \$300,000. These estimates could vary depending on the community. For the purposes of this report, \$500,000 per household has been used to estimate the cost to construct a new home to address suitability.

Adequacy

Inadequate housing involves households that live in dwellings that are in poor condition and require major repair due to major health and safety deficiencies. Major health and safety deficiencies to a house include problems related to structural soundness, the electrical system, fire safety, the heating system, the plumbing and drainage system and environmental factors. In 2019, there were 809 households in core need in the NWT that had only an adequacy problem. More than half of these households (56%) owned their own home, while the remainder of households with an adequacy problem are either in social or affordable housing (38%) or in private market rentals (6%).

For homeowners facing this challenge, the solution could lie in expanded homeownership repair programs. In the case of households in social or affordable housing with an adequacy problem, this points to Housing NWT's public housing infrastructure deficit, which is addressed in more detail in Part B. It should be noted that progress has been made in recent years with new investment in Housing NWT's public housing portfolio. It is also important to note that the NWT has constraints in terms of access to skilled tradespeople and the cost of materials that can impact home repairs even if funding is available.

The modelled estimate for a major repair is \$100,000 – \$200,000, recognizing that this can vary significantly depending on the specific issue(s) a household has, as well as the community in which the repairs are taking place. For the purposes of this report, an average of \$150,000 per household has been used to calculate core need for adequacy.

Affordability

Households that pay over 30% of their gross household income towards shelter costs are considered to have an affordability problem. Shelter costs include rent or mortgage payments, utilities and taxes. In 2019, the number of NWT households that identified that they were in core need and had an affordability problem only was 1,775 households. This number is comprised of 697 homeowners and

1078 renters, and represents more than half of core need households in the NWT.

For private homeowners, retrofits aimed at improving energy efficiency of their homes and thereby reducing utility costs could be an effective manner of addressing high housing costs, however the up-front costs could be prohibitive for many homeowners, especially in more remote communities where material shipping costs need to be considered as well. Targeted energy-efficiency retrofits for private homeowners can reduce the cost of heating fuel, electricity and water usage. An estimated energy-efficient retrofit for a single detached home could total anywhere from \$75,000 - \$200,000. Some smaller-scale actions around air-sealing and winterizing could make noticeable impacts on affordability at much lower levels of investment.

Another potential method of addressing affordability challenges for homeowners could be a reverse mortgage program whereby a homeowner could sell their home to Housing NWT at market value, while continuing to live in it and pay rent. Such a program would require more evaluation before it could be implemented, meaning it is currently not a viable short-term solution.

A more viable option to address affordability for homeowners could be an enhancement of the CNHB program to homeowners to help cover utility costs. At a monthly subsidy of up to \$500/month (\$6,000/year), this would result in annual costs of approximately \$4.2 million to cover all households.

For private market rentals, capital investments are unlikely to impact affordability issues. In this case, initiatives such as a rent supplement program can reduce affordability challenges for renters. Currently, Housing NWT and federal government offer the Canada-NWT Housing Benefit (CNHB) program, which provides a rent subsidy of up to \$800/month (\$9,600/year) for up to two years for eligible renters. Based on the 885 private rental households identified as having an affordability problem only, the annual cost for this program to cover all households at a mid-range benefit under the CNHB of \$500/month, would be approximately \$6.5 million.

Rent controls could be another mechanism used to impact private market rental affordability, however due to the legislative changes required this would be more of a longer-term solution.

Combinations of Problems

In total, the prevalence of a combination of any of the three housing problems affects an estimated 717 core need households according to the 2019 NWT Community Survey, or some 5% of all NWT households. In general, the challenges exhibited by multiple housing problems might be best addressed through new Public Housing units. The sections below outline potential options to support households with each combination of multiple problems.

Adequacy & Affordability

A combination of inadequate (in need of repair) and unaffordable housing impacts 432 households in the NWT, with 58% (252 households) being homeowners, 26% (114 households) living in market rental dwellings and 16% (66 households) in social or affordable housing. The most viable solution to address households in this situation would be a combination of actions described previously, including

increased funding for repairs, and enhancement of the CNHB subsidy for both homeowners and renters. For the purposes of this report a repair cost of \$150,000 for homeowners and \$6,000/household per year in ongoing CNHB costs for both homeowners and renters have been assumed.

Suitability & Affordability

Approximately 116 NWT households are affected by a combination of unaffordable and unsuitable (overcrowded) housing, with almost two-thirds (76 households) in market rentals, with the remaining households split between homeowners (21 households) and those in social or affordable housing (19 households). For renters, the CNHB rent subsidy program offers the most viable approach to this combination of problems, as it would help households to be able to move to larger (and therefore more expensive) units. In the case of homeowners, enhancement of the CNHB program combined with support for home additions to increase the number of bedrooms could be a solution. In the case of social and affordable housing, this combination of problems would likely be addressed through an expanded public housing stock. In this report, an estimated addition cost of \$300,000 has been used, along with \$6,000/household per year in ongoing costs for renters, and \$500,000 for a new public housing unit along with an associated \$20,000/year in O&M costs.

Suitability & Adequacy

There are approximately 116 households in the territory facing a combination of unsuitable (overcrowded) and inadequate (in need of repairs) housing. Half of these (58 households) are in social or affordable housing, while most of the others (54 households) are homeowners. This issue speaks to Housing NWT infrastructure deficit which is further explored in Part B, and would require either a combination of major repairs and additions, or construction of new public housing units altogether. For homeowners, renovations to and expansions of homes would address this combination of problems. For the purposes of this report, an estimated average cost of \$250,000 per household has been used.

Suitability, Adequacy & Affordability

About 53 core need households in the NWT are experiencing all three problems of unsuitable, inadequate and unaffordable housing. The most viable solution to support these households would be an expansion of the public housing portfolio. The cost for a new public housing unit will vary depending on the number of bedrooms, the location and the number of units in the building configuration. As alluded to earlier, for the purposes of this report an average estimated cost of \$500,000/household has been used. In addition, each new public housing unit requires ongoing operations and maintenance funding of approximately \$20,000 annually.

Housing NWT Actions Addressing Core Need (Programs and Strategies)

The previous section has detailed how core housing need in the NWT is high, and reducing this will

require strong partnerships with Indigenous governments, Federal partners and other stakeholders. Since the release of *Voices on Housing* and *Towards Level Ground* in 2017, Housing NWT has made notable progress in this regard through shifting its approach. The Community Housing Plans initiative begun in 2018 has been one strategic approach to improved housing investment by engaging with communities to determine their housing needs and priorities.

Based on data and feedback from community members, Housing NWT has changed several program policies to reduce barriers to accessing safe housing. Housing NWT is undertaking a strategic renewal process to ensure its work is collaborative in supporting community identified needs and solutions. Through partnerships with the Federal Government, the NWT has received at least 290 new or retrofitted units in 23 of the 33 communities – including the largest capital investment in public housing in decades.

This section outlines actions being taken by Housing NWT to mitigate core need and reduce barriers to accessing affordable, adequate and suitable housing. It should be noted that the investment required to comprehensively address core need in the NWT is beyond Housing NWT's ability and will require external partnerships to be successful.

Community Housing Plans

The Community Housing Plans initiative provides Indigenous Governments and communities the tools to plan and direct the future of housing in their communities. The goal is to support community-based planning that reflects community values and priorities. The plans support and guide Indigenous, federal, territorial, and municipal governments in addressing community housing needs through better-directed investment and provide support for federal funding opportunities. Housing NWT has engaged with all 33 communities on the housing planning process, with 3 adopted plans so far (in Whati, Paulatuk and Enterprise). Engagement through the Community Housing Plans has already supported several HOUSING NWT program policy changes.

Federal Funding Partnerships (Rapid Housing Initiative, Co-Investment, Canada-NWT Housing Benefit)

Under the National Housing Strategy, the Canada Mortgage and Housing Corporation has partnered with the NWT to invest \$120 million into NWT housing, which translates into up to 290 units. In March 2021, the NWT received \$60 million dollars through the national co-investment fund to create up to 126 affordable homes through the repair and new construction of mixed-income, mixed-tenure, and mixed-use housing. Amongst the organizations in the territory receiving funding are the Yellowknives Dene First Nation (\$18.8 million for 19 new affordable units), Tulita (\$4.9 million for 8 new affordable units), and Housing NWT itself (\$25.5 million for 60 new affordable units). Housing NWT's investment will add units to the public housing stock – the largest new capital investment in public housing in the territory in decades.

Through the two rounds of the federal Rapid Housing Initiative, several housing projects in the NWT were awarded funding, creating 49 housing units, including 5 units in Łutselk'e and 18 in the Tłı̄chq

region. These investments are a result of persistent advocacy to the federal government. Housing NWT continues to work with its federal counterparts to support increased investment in housing in the NWT, to bring the level of core need in the territory closer to the national average.

To address the high cost of rental units in the NWT, the Canada-NWT Housing Benefit (CNHB) was developed as a cost-sharing partnership between Housing NWT and CMHC to provide a monthly subsidy to households with low income. The CNHB pays the difference between 30 per cent of the household's income and the average market rent in the area. For recipients of social assistance, the CNHB will pay the difference between the actual sheltering costs and the household's rent and utilities costs, up to \$800 per month for up to two years. In 2022-2023, Housing NWT is cost sharing with CMHC to provide a total investment of approximately \$2.6 million for the CNHB.

In 2021-2022, the GNWT approved \$5 million of incremental funding for the next three fiscal years to support, where needed, the cost share requirements for NWT affordable housing projects approved under the National Co-Investment Fund. To date, approximately \$100 million of NWT affordable housing projects have been approved under CMHC's National Co-Investment Fund and Rapid Housing Programs.

Homeownership and Repair Programming and Community Housing Support Initiative Program

Housing NWT continues to offer a wide range of major repair funding programs for eligible repairs up to \$50,000. With current resourcing levels, Housing NWT continues to support homeownership and repair program investments in the range of \$6 million a year. In addition, Housing NWT's Community Housing Support Initiative Program (CHSI) continues to provide \$1.2 million of financial assistance for NWT community-based housing projects each year. Since 2019-2020, the CHSI has contributed over \$4.6 million towards a wide range of repair and new construction projects led by Indigenous Governments and other housing partners.

Capital Investment

Each year, Housing NWT targets accommodating within its fiscal framework an approximate \$10 million investment to support the replacement and renovation of aged public housing stock. Additional federal funding approvals, such as the \$50.5 million allocated within the past two years to Housing NWT by CMHC and CIRNAC for new housing construction, has enabled Housing NWT to supplement its capital investments. This additional capital funding from CMHC and CIRNAC, supported by incremental O&M funding from the GNWT, is enabling Housing NWT to deliver up to 90 new public housing units for the territory by 2023-2024. Housing NWT is also advancing an application under the National Co-Investment Fund for the delivery of an additional 10 seniors public housing units. The delivery of these up to 100 new public housing units will reduce the current wait list for public housing and by doing so, directly address the persistent core housing need in the territory.

Program Policy Changes

In an effort to reduce core housing need in the NWT, the Housing NWT has recently made policy changes to increase accessibility in programming and reduce the barriers to accessing suitable, adequate and affordable housing. As of April 1, 2021, the following changes have been made to HOUSING NWT programming:

Program Changes (as of April 1, 2021)
Mobility Modifications Program and Home Repair Program <ul style="list-style-type: none"> - Takes income of applicant/co-applicant only - No longer requires home insurance coverage - No longer requires land tenure - Applicant can have rental or mortgage arrears - Applicants in Zone B and C communities can have property tax arrears - Maximum assistance changed to \$50,000 - Available to seniors' households only in Zone A communities
Emergency Repair program <ul style="list-style-type: none"> - Takes income of applicant/co-applicant only - Minimum amount of assistance is now \$500 - Maintenance training no longer required
Preventative Maintenance Program <ul style="list-style-type: none"> - Takes income of applicant/co-applicant only - Applicant can have rental or mortgage arrears - Does not need a unit condition rating - Maintenance training no longer required
Fuel tank replacement initiatives & Seniors Aging in Place <ul style="list-style-type: none"> - Takes income of applicant/co-applicant only - Applicants in Zone B and C can have rental or mortgage arrears
Home Purchase Program <ul style="list-style-type: none"> - Zone A communities only - One income Threshold - Existing homes only
New Program: Homeownership Initiative <ul style="list-style-type: none"> - The initiative supports the NWTHC's objective of increasing private homeownership in rural and remote communities where there are families with enough income to own and operate their own home through: <ul style="list-style-type: none"> o The existing homeownership rental portfolio will be converted to homeownership units for eligible tenants who wish to become homeowners; o The NWTHC will provide eligible public housing tenants in detached units the opportunity to purchase their units to become homeowners if they have sufficient income to pay for the operating and maintenance costs. - Assistance <ul style="list-style-type: none"> o Clients will enter into a forgivable loan agreement with the NWTHC that facilitates the transition to homeownership: <ul style="list-style-type: none"> Home value of \$250,000 or less – three-year forgivable loan; Home value of \$250,001 to \$500,00 – five-year forgivable loan.

Part B – Housing NWT Infrastructure Deficit

Background

In addition to addressing the core housing need of private NWT households, it is also critically important to keep pace with required operating and capital investment in preserving the sustainability of the territory’s public housing program designed to keep over 2200 vulnerable low income households out of core need. With Housing NWT’s remaining \$11.8 million of operating funding for the public housing operations under the Social Housing Agreement continuing to decline to zero by 2037-2038, and with the increasingly apparent inflationary pressures throughout Housing NWT’s operations, the long term sustainability of the public housing program is at risk.

While it is recognized that Housing NWT continues to implement cost avoidance and incremental revenue generation initiatives and is also utilizing the current bilateral agreement with CMHC to offset the continued decline in CMHC operating funding up to 2027-2028, there continues to a need to address the long-term financial security of the public housing program. This will continue to be a key of focus for Housing NWT’s federal engagement. Examples of Housing NWT’s revenue and cost avoidance efforts include continued investment in energy retrofits for operational cost savings, the 45-unit housing initiative with the Royal Canadian Mounted Police, maintaining a targeted 90% annual rent collection rate, and continuing to delivery of the Corporation’s market housing program that contributes over \$1.6 million annually towards the operations of the public housing program.

Increasing funding pressure is also becoming readily apparent within Housing NWT’s capital program involving the delivery of new and replacement public housing units and major renovation projects. Over the past two years, inflationary pressures caused by the COVID-19 pandemic have had a global impact, increasing the cost of residential construction. Statistics Canada’s Residential Building Construction Price Indexes show a 24.7% increase in the cost of residential construction in Edmonton, Alberta from Quarter 3 of 2020, to Quarter 3 of 2021. Comparably, the NWT has a small construction sector with a limited field of contractors, tradespeople and labour. The scale of the industry combined with the complex logistics of operating in the NWT exacerbates the pressures and has resulted in rapid and unpredictable cost escalation.

To help estimate the magnitude of Housing NWT’s current and projected infrastructure deficit for the public housing program in January 2022 the Corporation completed an updated costing analysis to provide an order of magnitude for Housing NWT’s current and projected required incremental investment for the public housing portfolio. This exercise was based on an analysis of existing data contained within Housing NWT’s Asset Management System (AMS). This database maintains key information including district, community, unit-type, number of units, square footage, and age of housing units.

In developing the Infrastructure Deficit estimate, the following assumptions were applied:

- A housing asset would need to be replaced at 50 years old (estimated design life)

- A housing asset would need a major retrofit at the midlife point (estimated at year 25) and the cost of the retrofit would be approximately 40% of the estimated maximum construction cost (MCC). *Note: MCC's are developed internally by Housing NWT based on historical and projected costs.*
- When projecting Housing NWT's 20-year capital investment needs and associated projected funding deficit, a 2% annual inflationary factor has been applied.
- Assumes an annual capital investment target of \$10 million; combined housing unit replacement and major retrofits.

As of January 16, 2022, Housing NWT owns and operates approximately 2665 owned housing units, including 2247 public housing units, 187 homeownership units, and 231 market rental units. To determine the infrastructure deficit estimate, Housing NWT undertook a tabletop exercise that projected the costs to renovate and/or replace each existing housing unit based on the aforementioned midlife retrofit (at year 25) and replacement at year 50 planning assumptions. It is conceivable that a major retrofit may be required sooner, and or later, and that the asset could operate in a safe condition longer than 50 years. However, for the purposes of this exercise, these two main working assumptions were utilized.

Based on prevailing pricing and expected market conditions in 2022-23, the MCC for 2022-23 has been determined to be in the range of \$643/ft² to \$832/ft² across the NWT. These MCC estimates will continue to fluctuate and be adjusted by Housing NWT over time influenced by several factors such as location, design, the availability of labour and the aforementioned general market conditions.

Public Housing Portfolio

Housing NWT currently owns and operates approximately 2247 PH units across the NWT. Many of these PH units are aging and, over the course of the next 20 years, will need to be replaced. Per Table 1 below, of the 2247 active owned PH units, there are approximately 1428 units that are 30 years and older, representing approximately 64% of our PH inventory. Assuming a design life of 50 years, these 1428 units would need to be replaced in the next 20 years.

Overall, the current condition of our Public Housing Portfolio is in relatively good shape with an average Unit Condition Rating (UCR) of 86% (see Table 1). This is a reflection of the on-going capital and O&M investment that Housing NWT makes each year in helping to preserve the housing stock. A UCR is a technical inspection conducted to evaluate and record the physical state of Housing NWT-owned buildings and services, and to assess the maintenance, repair, or replacement of building elements. Assessments must provide sufficient information on the condition of the building(s) to support informed asset management decisions. A UCR report is used to record an assessment of the condition, repair priority, repair costs, and planned replacement activity for major building components.

A UCR for each housing asset owned by Housing NWT is completed every two (2) years. This UCR assesses the overall physical condition and functional performance of the housing asset. In some cases, multiple unit housing assets require summary information or a report on common elements to complement UCR's. The UCR is typically completed by the Local Housing Organization (LHO) responsible for the housing asset, however trained Housing Corporation technical staff may complete the UCR or arrange to have them completed by a qualified third party. As an example, in 2021-21, the Housing Corporation hired a consulting firm to complete a comprehensive technical assessment of three of Housing NWT's larger multifamily assets located in Yellowknife and Hay River.

The information gathered from these annual assessment inspections keeps the data contained in the Corporation's Asset Management System (AMS) current and up to date for planning purposes. The LHO and Housing NWT (District Office and Headquarters Technical Staff) utilize UCR data to make informed decisions about the priority, extent, and cost of repairs required to maintain housing assets to acceptable standards and to schedule repairs or replacement.

District Directors and District Technical staff incorporate training and verification processes into their work plans to ensure these UCR inspections meet expectations and requirements, including timelines.

Table 1 - Owned Public Housing Portfolio - Age Range and Average Condition by Community

Row Labels	0-29 # of Units	30-59 # of Units	60+ # of Units	Total # of Units	Total Ave Age (Yrs)	Total Ave UCR (%)
Beaufort Delta	279	552		831	32	85
Aklavik	45	94		139	30	85
Fort McPherson	38	93		131	30	81
Inuvik	66	129		195	32	81
Paulatuk	35	24		59	25	88
Sachs Harbour	9	14		23	30	84
Tsiigehtchic	15	8		23	23	92
Tuktoyaktuk	40	127		167	34	89
Ulukhaktok	31	63		94	35	90
Nahendeh	60	82		142	28	90
Fort Liard	21	15		36	22	95
Fort Simpson	27	63		90	33	87
Jean Marie River	3			3	1	100
Nahanni Butte	1			1	11	100
Sambaa K'e	2			2	14	85
Wrigley	6	4		10	21	95
North Slave	247	299		546	28	87
Behchokò	73	95		168	27	81
Dettah	16	23		39	28	92
Gamètì	17			17	15	85
Łutselk'e	21	22		43	25	88
N'dilo	17	11		28	26	90
Wekweètì	1	1		2	20	86
Whatì	29	5		34	15	88
Yellowknife	73	142		215	34	89
Sahtu	100	146		246	29	82
Colville Lake	2			2	7	100
Déłjñę	21	69		90	32	85
Fort Good Hope	39	12		51	19	92
Norman Wells	15	16		31	29	79
Tulita	23	49		72	32	74
South Slave	127	349	6	482	36	85
Fort Providence	27	80		107	33	83
Fort Resolution	25	50		75	28	87
Fort Smith	23	112	6	141	44	88
Hay River	42	107		149	36	86
K'atlodeeche First Nation	10			10	5	69
Grand Total	813	1428	6	2247	31	86

Infrastructure Deficit – Current and 20-Year Outlook

The Housing Corporation has an aging Public Housing portfolio. Based on a design life for HOUSING NWT public housing units of 50 years, which takes into account a planned retrofit at 25 years valued at 40% of the estimated capital replacement cost, the estimated funding needed to address currently needed public housing replacements is \$172 million. This investment would replace 273 aged public housing units. Table 2 provides a by community breakdown of this current estimated infrastructure deficit. Looking outward to the next 20 years, Table 3 shows that a total incremental investment estimate of over \$1.0 billion will be needed to fully address the Corporation's projected capital investment requirements over this period.

Table 2 – Current (January 2022) Deficit by Type by Community – Public Housing Portfolio

Row Labels	Replace		Retrofits		Total # of Units	Total Estimate
	# of Units	Estimate	# of Units	Estimate		
Beaufort Delta	94	\$77,852,913	1	\$336,479	95	\$78,189,392
Aklavik	4	\$3,035,737			4	\$3,035,737
Fort McPherson	13	\$10,055,110			13	\$10,055,110
Inuvik	33	\$30,013,794			33	\$30,013,794
Paulatuk	4	\$3,156,067	1	\$336,479	5	\$3,492,546
Sachs Harbour	2	\$1,532,463			2	\$1,532,463
Tuktoyaktuk	19	\$14,969,746			19	\$14,969,746
Ulukhaktok	19	\$15,089,997			19	\$15,089,997
Nahendeh	13	\$6,209,042			13	\$6,209,042
Fort Simpson	13	\$6,209,042			13	\$6,209,042
North Slave	44	\$30,436,833	5	\$1,423,036	49	\$31,859,870
Behchokq	2	\$1,509,908	1	\$254,300	3	\$1,764,208
Dettah	1	\$765,568	2	\$612,455	3	\$1,378,023
N'dilo			2	\$556,282	2	\$556,282
Yellowknife	41	\$28,161,358			41	\$28,161,358
Sahtu	28	\$21,732,766			28	\$21,732,766
Délnę	16	\$12,650,765			16	\$12,650,765
Fort Good Hope	5	\$3,788,037			5	\$3,788,037
Tulita	7	\$5,293,964			7	\$5,293,964
South Slave	88	\$44,215,577			88	\$44,215,577
Fort Providence	13	\$6,845,002			13	\$6,845,002
Fort Smith	57	\$31,204,813			57	\$31,204,813
Hay River	18	\$6,165,762			18	\$6,165,762
Grand Total	267	\$180,447,133	6	\$1,759,515	273	\$182,206,648
					Investment	\$10,000,000
					Deficit	\$ 172,206,648

Table 3 – Projected 20-year Deficit by Community - Public Housing Portfolio

District / Community	Projected 20-year Deficit
Beaufort Delta	\$465,353,486
Aklavik	\$79,560,858
Fort McPherson	\$65,972,615
Inuvik	\$109,102,417
Paulatuk	\$27,865,561
Sachs Harbour	\$12,346,963
Tsiigehtchic	\$9,337,243
Tuktoyaktuk	\$102,485,414
Ulukhaktok	\$58,682,415
Nahendeh	\$70,187,113
Fort Liard	\$19,320,834
Fort Simpson	\$44,070,751
Nahanni Butte	\$402,660
Sambaa K'e	\$745,673
Wrigley	\$5,647,195
North Slave	\$315,968,570
Behchokò	\$91,137,248
Dettah	\$22,353,946
Gamètì	\$4,988,124
Łutselk'e	\$24,193,370
N'dilo	\$14,198,605
Wekweètì	\$1,315,392
Whatì	\$8,139,381
Yellowknife	\$149,642,503
Sahtu	\$121,951,070
Colville Lake	\$885,268
Déłjñę	\$52,212,695
Fort Good Hope	\$13,161,355
Norman Wells	\$16,635,596
Tulita	\$39,056,157
South Slave	\$247,478,642
Fort Providence	\$54,963,088
Fort Resolution	\$37,031,683
Fort Smith	\$88,380,524
Hay River	\$67,103,348
Grand Total	\$1,220,938,882
Assumed Investment (\$10 mil/yr)	\$200,000,000
Projected Deficit	\$1,020,938,882

Priority Repairs

In addition to developing a preliminary cost estimate for Housing NWT's infrastructure deficit to address priority capital housing unit replacements and major retrofits/renovations, Housing NWT has also undertaken a detailed costing analysis of needed operational and maintenance (O&M) repairs and replacement of major housing components and systems. This analysis was based on the Corporation's latest unit condition inspections for each operating public housing unit conducted by trained personnel from the Local Housing Organizations, HOUSING NWT Technical staff, and other third-party contractors and consultants.

Areas included in these unit inspections were building enclosures (e.g. doors, windows), heating systems (e.g. fuel tanks, furnaces), plumbing systems (e.g. water tanks, sewage tanks), electrical systems (e.g. electrical panel, wiring), structural components (e.g. beams, steps and landings), life safety (e.g. smoke/CO detectors, fire extinguishers), and environmental (e.g. mould).

As shown in Table 4, the Housing Corporation has identified approximately \$38 million in priority housing component repairs and replacements. Some of these repairs have been or are planned to be addressed through upcoming planned regular maintenance and minor repair investments. For example, in 2020-21 the Housing Corporation initiated a public housing fuel tank replacement program that will address the replacement of over 300 aging fuel tanks by 2023-24.

Even though Housing NWT continues to make investments in the repair and replacement of housing components each year, there are still other priority investments needing to be made in this area, particularly as the housing stock continues to age. Unfortunately, current funding levels do not enable Housing NWT to address all needed repairs. This situation requires Housing NWT and the Local Housing Organizations to continue to prioritize available O&M repairs funding for the more urgent health and safety related priorities.

In addition to preserving the delivery of the territory's public housing program, these on-going capital and O&M investments in Housing NWT's housing stock are also helping to advance the government's energy objectives. For example, the major retrofit investments being made by Housing NWT each year and other special energy initiatives, such as the Low Carbon Economy Fund project in Yellowknife to convert 45 oil-fired furnaces to biomass. The Housing Corporation will continue to pursue incremental funding opportunities for future alternative energy investments to support the preservation of the public housing stock.

Table 4 – Estimated Cost to Address Priority Repairs

Community	Building Enclosure.	Electrical.	Environmental.	Heating and Ventilation.	Life Safety.	Plumbing.	Structural.	Grand Total.
Aklavik	\$450,994	\$373,204	\$50,551	\$554,353	\$12,224	\$203,656	\$620,681	\$2,265,662
Behchoko (Edzo)	\$5,472	\$5,387		\$29,677	\$1,327	\$359	\$2,309	\$44,530
Behchoko (Rae)	\$1,167,947	\$467,813	\$49,812	\$816,401	\$36,632	\$203,396	\$713,113	\$3,455,114
Colville Lake	\$27,360	\$22,444		\$10,802	\$752	\$12,184	\$11,671	\$85,212
Deline	\$708,350	\$163,391	\$54,549	\$555,848	\$2,798	\$445,087	\$1,038,569	\$2,968,592
Dettah	\$83,465	\$18,468		\$5,797	\$1,956	\$2,488	\$30,395	\$142,570
Fort Good Hope	\$299,814	\$72,333		\$399,516	\$2,839	\$48,538	\$162,322	\$985,362
Fort Liard	\$139,732	\$18,256	\$381	\$19,329	\$351	\$13,125	\$34,766	\$225,941
Fort McPherson	\$604,304	\$768,268	\$20,805	\$922,837	\$5,384	\$261,392	\$632,940	\$3,215,930
Fort Providence	\$462,040	\$122,628	\$38,280	\$205,465	\$14,752	\$309,263	\$386,199	\$1,538,626
Fort Resolution	\$775,305	\$78,212	\$16,436	\$345,593	\$9,969	\$151,628	\$248,814	\$1,625,956
Fort Simpson	\$325,961	\$98,901	\$8,712	\$101,729	\$9,717	\$27,113	\$100,716	\$672,848
Fort Smith	\$376,701	\$50,102	\$5,080	\$114,367	\$15,682	\$3,734	\$296,037	\$861,702
Gameti	\$78,965	\$17,160	\$429	\$114,740	\$1,968	\$22,487	\$52,088	\$287,835
Hay River	\$927,350	\$267,168	\$33,880	\$146,534	\$387	\$60,125	\$537,845	\$1,973,289
Inuvik	\$1,457,256	\$992,706	\$23,595	\$688,130	\$7,753	\$201,458	\$1,844,629	\$5,215,527
Jean Marie River	\$13,877		\$1,650	\$11,550			\$1,856	\$28,933
Kakisa	\$5,366	\$2,709	\$6,850	\$32,224	\$1,084	\$13,119	\$25,058	\$86,411
K'atlodeeche First Nation	\$136,233	\$33,179	\$4,204	\$105,194	\$4,470	\$74,505	\$109,538	\$467,322
Lutselk'e	\$225,547	\$76,354	\$13,217	\$44,550	\$13,451	\$74,984	\$188,224	\$636,326
Nahanni Butte	\$6,400						\$2,880	\$9,280
N'dilo	\$58,887	\$18,618		\$15,709	\$872	\$2,419	\$34,104	\$130,610
Norman Wells	\$274,965	\$350,700		\$34,204	\$2,232	\$27,323	\$308,250	\$997,673
Paulatuk	\$326,060	\$183,934	\$45,630	\$176,480	\$8,432	\$60,850	\$258,131	\$1,059,516
Sachs Harbour	\$172,656	\$37,521	\$1,980	\$154,376	\$705	\$47,619	\$102,218	\$517,074
Sambaa Kâ€™e	\$16,838	\$5,816		\$2,574	\$587	\$10,016	\$26,978	\$62,809
Tsiigehtchic	\$54,662	\$32,852	\$923	\$606	\$557	\$380	\$92,446	\$182,426
Tuktoyaktuk	\$770,362	\$186,742	\$24,165	\$608,631	\$15,065	\$186,634	\$1,157,369	\$2,948,969
Tulita	\$696,992	\$451,080	\$14,720	\$489,312	\$3,450	\$251,040	\$701,560	\$2,608,154
Ulukhaktok	\$358,132	\$485,775	\$16,728	\$226,063	\$6,422	\$38,107	\$310,692	\$1,441,919
Wekweeti	\$42,425	\$6,028	\$1,026	\$15,890	\$1,224	\$11,671	\$37,706	\$115,970
Whati	\$264,400	\$69,084	\$3,608	\$168,781	\$3,844	\$43,716	\$174,035	\$727,469
Wrigley	\$12,951	\$18,596		\$4,223	\$363	\$5,313	\$13,398	\$54,845
Yellowknife	\$358,350	\$83,300	\$2,300	\$5,443	\$8,210	\$6,210	\$64,775	\$528,588
Grand Total	\$11,686,119	\$5,578,725	\$439,510	\$7,126,929	\$195,459	\$2,819,937	\$10,322,309	\$38,168,987

Part C – A Plan to Address Core Housing Need

As it enters its 50th anniversary year, Housing NWT is continuing its efforts to address core housing need in the NWT, and is working toward significant changes that will improve its progress in this regard. A catalyst toward these changes is the ongoing strategic renewal of the Corporation.

2021 HOUSING NWT Strategic Renewal

The Housing NWT is currently undergoing a comprehensive renewal. *A Strategy for Renewal of the Housing NWT*, released in November 2021, sets four focal areas for the renewal: Purpose, People, Programs, and Partnerships. Actions under each area will position the Corporation to be more effective in carrying out its role. As a foundational step in the renewal process, on February 24, 2022, a modern, client-centred mandate, featuring an updated Mission, Values and Vision was announced in the Legislative Assembly. The new mission of Housing NWT is:

“Increasing the wellbeing of individuals and communities by providing fair access to quality housing support for people most in need.”

Housing NWT’s values have been established as:

- **Client-focused**
- **Collaboration**
- **Accountability**
- **Innovation**
- **Reconciliation**; and
- **Sustainability.**

The updated vision of Housing NWT is to be *“a respected partner in providing effective housing support for people most in need.”*

This new mandate focuses on those most in need, acknowledges the role of the Corporation in social wellness, and will guide a review of the policies and programs of the Corporation to occur throughout 2022. These and other changes resulting from the renewal are expected to improve the Corporation’s ability to positively impact housing core need in the Northwest Territories.

Partnerships

Housing NWT’s new vision statement recognizes that it is a partner in addressing housing challenges in the NWT, and that it alone cannot solve the issue of core housing need in the territory. There is a recognition that partnerships with other governments and organizations are necessary to better support the housing needs of NWT residents. This is particularly the case for programs to support homeowner households whose income level prevents them from accessing HOUSING NWT programs.

Initiatives such as the Council of Leaders Housing Working Group, which has created a forum for Indigenous leaders in the NWT to provide input on Housing NWT's programming and direction, are an example of partnerships in action. The same can be said for Housing NWT's Community Housing Planning initiative, which sees Housing NWT work with Indigenous and community governments to better direct housing priorities at a community level. Other innovative ways of partnering has included the partnership of expertise, such as the sharing of HOUSING NWT home designs with Indigenous governments, who then construct them.

Housing NWT has also seen successful partnerships with the federal government such as the Canada-NWT Housing Benefit rent subsidy program and the National Housing Co-Investment Fund, and will continue to advocate for further partnerships to meet the housing needs of the territory.

Funding

This report has provided an overview of the state of core housing need in the NWT in 2022. Despite progress made in addressing the issue, the need remains significant, and significant reduction in core need cannot occur without increased investment.

The breakdown of housing problems for core need households in the territory shows that poor condition of dwellings and affordability are the largest housing problems in the NWT that need to be addressed. Affordability or paying excessive costs for shelter is a problem that has a relatively high incidence in Yellowknife and among private homeowners in smaller communities. Overcrowding is also an issue that will require significant investment in different types of dwellings.

It is clear from this report that the financial commitment required to fully address core housing need in the Northwest Territories is far beyond beyond the scope and fiscal ability of Housing NWT. Successful and long-lasting improvements around housing for all Northwest Territories residents will require federal investment to adequately fund programs and actions. Housing NWT will continue to seek sustained and substantive federal funding, as well as other partnerships to work toward meeting this need.