



May 27, 2024

RICHARD EDJERICON
MLA, TU NEDHÉ - WIILIDEH

Oral Question 127-20(1) Policies and Future of Housing Northwest Territories

This is in response to your February 27, 2024, Oral Questions regarding Policies and Future of Housing Northwest Territories (Housing NWT).

Thank you for your questions on the Canada Mortgage and Housing Corporation (CMHC) funding expiring in 2038 and Housing NWT's plans for the next 12 years until the CMHC funding expires.

The long-term fiscal sustainability of the NWT's public housing program is at risk. A governmental strategy is required to ensure that stable and adequate operating and capital funding is in place for the preservation of the public housing program. The program is facing declining federal social housing operating funding, as well as aging social housing infrastructure.

Without adequate long-term funding to support the operations, maintenance, repairs, and replacement of the assets required to support the public housing program the assets will continue to degrade over time and eventually need to be removed from the portfolio, reducing the number of units available for the program. As noted earlier, there is already an overall shortage of housing to meet core need in the NWT so reducing the number of housing units for the public housing program will have a significant impact and increase the risk of homelessness for residents of the NWT.

These funding uncertainties are particularly troubling in an inflationary operating environment. Rising fuel and material costs, labour shortages and persistent supply chain disruptions have all impacted the cost of construction in the NWT. Persistent rising material costs and logistical challenges have resulted in rapid and unpredictable escalation of construction costs in the residential sector, which were already significantly higher in the NWT than elsewhere in Canada. As per Statistics Canada's Residential Building Construction Price Indexes, over the past three years there has been unprecedented cost escalation of up to approximately 50%. These inflationary conditions have also contributed to increases in the overall cost of public housing operations, particularly in the area of fuel and water and sanitation. Increases in these direct public housing operating costs, brought on primarily by controllable rate increases, are becoming increasingly challenging for Housing NWT to resource internally.

.../2

Stable capital funding is needed to continue to repair and replace existing housing units as they continue to age in addition to supporting additional units to address core housing need. Similarly, stable long-term operations and maintenance (O&M) funding is needed to continue to operate the existing public housing unit inventory.

Specific funding to invest in increasing the energy efficiency of the housing portfolio is needed to help reduce overall operating costs. The realized cost savings could then be reinvested into the preservation of the public housing program either through mitigating the loss of O&M funding, or reinvesting in the capital plan.

Thank you,

A handwritten signature in blue ink, appearing to read 'Lucy Kuptana', is positioned above the printed name.

Lucy Kuptana
Minister Responsible for
Housing Northwest Territories

- c. Clerk of the Legislative Assembly
Legislative Coordinator, Executive and Indigenous Affairs