



**Government of the Northwest Territories Response to
Motion 38-20(1): Consideration for the Hamlet of Enterprise to Receive Top-Up Federal
Funding**

Motion 38-20(1):

NOW THEREFORE I MOVE seconded by the Member for Range Lake, that the Government of the Northwest Territories provide the ten percent funding needed for the installation of temporary housing in Enterprise;

AND FURTHER, that the Government of the Northwest Territories align the territorial disaster financial assistance program to leverage the 90 percent contribution provided under Canada's Disaster Financial Assistance Arrangement;

AND FURTHERMORE, that the Government of the Northwest Territories immediately communicate with the Hamlet of Enterprise its intention to fully participate in the installation of temporary housing in Enterprise;

AND FURTHERMORE, that the Government of the Northwest Territories provide a response to this motion within 120 days.

GNWT Response

The Executive Council's Disaster Assistance Policy (DAP) was updated in 2022 to increase the amount of support available to eligible residents and maximize the ability of the Government of the Northwest Territories (GNWT) to obtain federal reimbursement for emergency response and recovery from major disaster events – events that are likely to become more common with climate change. The GNWT works closely with Public Safety Canada (PSC) to ensure that its recovery activities are consistent with the Disaster Financial Assistance Arrangement (DFAA) to maximize reimbursement to the GNWT from the federal government.

A core element of the DFAA is that it is a funding program of last resort, and the costs of restoring or replacing essential items or property that were insured or insurable are not eligible for reimbursement. Following the events of the 2023 wildfire and the homes that were destroyed in Enterprise, MACA confirmed with the federal government that uninsured primary residents and small businesses in the NWT that were destroyed by the 2023 wildfires are not eligible for DFAA because fire insurance was available. The federal government further confirmed that there is no other federal funding that can be accessed to assist with rebuilding permanent homes.

On October 6, 2023, the Mayor of Enterprise wrote the Member of Parliament, Michael V. McLeod to propose the purchase of 20 modular homes as temporary housing for the community. He estimated a cost of \$6.2 million for 2, 3 and 4-bedroom units ranging in price from \$272,000 to \$413,000 each. In this scenario, under the DFAA, the GNWT would need to pay the \$6.2 million purchase price upfront, plus any additional installation costs.

On March 19, 2024, The Honourable Harjit S. Sajjan, Minister of Emergency Preparedness, wrote to outline the conditions under which the GNWT could access DFAA funding if it chose to provide temporary housing for the displaced residents of Enterprise. Based on discussions with PSC, MACA confirmed that the GNWT would need to bear the full cost of purchasing and setting up the houses, installing water and sewer tanks and hook-ups, and arranging access for other utilities and fuel. Once installed, the GNWT would then own the houses and be responsible for maintenance costs until the disposal of the houses is complete. At the end of the temporary housing period, the GNWT would need to sell the homes. At that point, it would be able to seek reimbursement of up to 90% of the difference between the purchase price and the sale price, as well as up to 90% of installation costs.

On June 13, 2024, Motion 38-20(1): *Consideration for the Hamlet of Enterprise to Receive Top-Up Federal Funding* was passed by the Northwest Territories Legislative Assembly calling on the GNWT to request support through the federal DFAA to access temporary housing for homeowners that lost their homes during the 2023 wildfire, specifically in the Hamlet of Enterprise (see Appendix A).

There are no provisions under the DFAA for community governments or the GNWT to receive 90% funding up-front for disaster-related expenditures. Further, while the DFAA allows for the cost-sharing of expenses paid by the GNWT for eligible costs related to a disaster, it does not reimburse provinces and territories at 90%; reimbursement amounts are determined using a sliding scale formula and depend on eligibility of costs and whether documentation for costs incurred is available. On average the GNWT has historically received reimbursement of 77.23% of costs claimed through DFAA.

The GNWT's experience with bringing in modular homes is that they cost considerably more than what was proposed by Enterprise. Housing NWT (HNWT) estimates a maximum construction cost of \$807 per square foot for Enterprise, or \$807,000 for 1,000 square foot home (using Community Adjustment Factors and 2022 maximum construction costs). It is anticipated that the purchase of multiple temporary housing units would be less expensive, but HNWT calculations are comparable to costs related to the replacement of homes after the 2021 flood. In the scenario proposed by Enterprise, the GNWT estimates that it would have to pay an estimated \$12 to \$16 million upfront (individual units priced at \$600,000 to \$800,000) for 20 units, plus additional costs for installation and ongoing operational costs while the houses are owned by the GNWT.

Given the significant financial and social risk that building temporary housing in the Enterprise would have for the GNWT, it has been determined that this approach would not be feasible nor a sustainable approach to disaster assistance for this event or future events. With that said, the GNWT remains committed to exploring options and finding solutions that address the diverse housing needs of residents as described in the Mandate of the Government of the Northwest Territories 2023-2027. Housing NWT is available to meet with the community government and residents to discuss programs that may be available.