

GNWT RESPONSE TO MOTION 21-16(5): FLEXIBLE TRANSITION PERIOD FOR RENT ADJUSTMENTS

That the Legislative Assembly recommends that the NWT Housing Corporation change its program guidelines in order to provide responsive and meaningful flexibility.

That the proposed changes to the guidelines should allow for a transition period, such as a gradual increase of the rent, for these tenants

The NWTHC's *Public Housing Program* is the Government of the Northwest Territories' (GNWT's) primary program to provide social housing to residents. The program's objective is the provision of affordable, suitable and adequate housing to residents in greatest need, who cannot afford the cost of their own shelter without assistance. The program is geared towards lower income households.

The monthly rent for each public housing unit is based on the cost to operate and maintain a unit. Tenants pay a portion of their household income towards the monthly rent and the difference is in the form of a rental subsidy provided by the GNWT through the NWTHC. The NWTHC utilizes a '*rent geared to income approach*' to calculate the portion of rent a public housing tenant is responsible to pay. The NWTHC uses this method of determining a tenant's portion of rent to ensure that tenants are treated fairly and equitably and to promote responsibility for individual spending choices. This approach is consistent throughout Canada for the purpose of rental calculations related to those public housing units which have been cost shared with the Canada Mortgage and Housing Corporation.

Through this "*rent geared to income approach*" it is also recognized that tenants transitioning into the workforce or participating in seasonal employment can experience a significant proportionate increase on their rental portion based on the introduction of employment income to family income. Concerns have been expressed as some tenants may perceive this increase to be a deterrent in continuing with their employment. Alternatively, tenants who exit the workforce will see a similar proportionate reduction in their portion of rent and an increase in government subsidy. It should be noted that a critical aspect of income fluctuation is the tenant reporting of these fluctuating incomes either up or down in order to ensure a timely adjustment in rent.

Overall, public housing tenants in the Northwest Territories (NWT) pay a rent that reflects an amount calculated to ensure that they have sufficient income to meet the needs of their families based on household income. Rent for each tenant is based on a sliding scale relative to their household income where they pay anywhere from 4% to 30% of their gross household income, depending on their particular circumstances. On

average, tenants in the NWT pay 16% of their household income towards rent. Rent adjustments are made to reflect the fluctuation in a tenant's income. Tenants with fluctuating incomes may have their rent assessed each month or they can opt to have their rent averaged over the course of a year, so that they do not experience major changes in their rent.

As the NWTHC's programs are geared to residents in greatest need, the NWTHC strives to find a balance between those in need of public housing and those with higher incomes. Those with higher incomes are encouraged to consider other NWTHC housing options that are more geared towards homeownership and individual autonomy, with possible assistance through the NWTHC's programs. The sliding scale is intended to encourage tenants, having an appropriate level of family income, to consider the option of homeownership.

In cooperation with the Department of the Executive, the NWTHC is in the process of undertaking a Shelter Policy Review, which is envisioned to serve as a "way-forward" document to outline a long-term vision for housing in the Northwest Territories. The matter of employment transitioning and the review of the Rent Scale will also be included in the Shelter Policy Review.

The Department of Executive and the NWTHC would be pleased to provide a Shelter Policy Review update to the Standing Committee on Economic Development and Infrastructure in March. We are currently working with Committee staff in an effort to identify a mutually convenient date for this presentation.