

THE HONOURABLE PAULIE CHINNA
MINISTER RESPONSIBLE FOR
HOUSING NORTHWEST TERRITORIES

Housing NWT Funding Formula for Local Housing Organizations

Mr. Speaker, I have a Return to Written Question asked by the Member for Kam Lake on March 8, 2023, regarding the Housing NWT funding formula for local housing organizations.

Question 1: Based on the Housing NWT formula, what amount should each LHO be funded to deliver public housing?

Local Housing Organizations, operating as agents of Housing NWT, are funded for the administration of public and affordable housing rental units. Under their Service Agreement with Housing NWT, Local Housing Organizations are funded to provide property management services including the allocation of units, the assessment of rent, the collection of rents, and the provision of preventative and demand maintenance services.

Local Housing Organization base funding is based on the number of units in the Local Housing Organization's portfolio. The funding Local Housing Organizations receive covers their core operating requirements for management and administration staff, maintenance staff, materials and supplies, contractor's services, costs associated with vehicles and equipment, board of director fees, and other administrative costs. Members should note that this does not reflect all costs to deliver the public housing program.

In 2014, the then NWT Housing Corporation, implemented changes to the funding formula to remove some of the less predictable costs from the LHO funding and pay them directly through Housing NWT. The costs included in the base funding are the items that are generally predictable.

The significant costs involved in operating the housing units themselves is now being paid directly by Housing NWT, including utility costs, land leases and property taxes, totalling over \$ 31 million annually. By making that change LHO's were not put in a position where they were making staffing, or maintenance cutbacks because utility costs had increased significantly. Housing NWT pays all of these costs directly on behalf of all of our LHO's and public housing clients.

Housing NWT continues to closely monitor each Local Housing Organization's funding including the need for inflationary operation and maintenance cost increases.

Question 2: What amount is each LHO funded?

Local Housing Organizations receive an annual base funding allocation of approximately \$21 million. Later today I will table a detailed breakdown of this base funding allocation by LHO. LHO's are allocated staff positions based on the number of units under administration. The funding for compensation and benefits are based on equivalent GNWT positions adjusted to reflect community differences in cost of living based on the GNWT northern allowance rates. Funding for materials, supplies and contract services is allocated by the number of units under administration.

Funding for staff compensation is primarily increased through FMB approved collective agreement increases. Funding for materials, supplies and contract services are primarily increased through FMB forced growth submissions and by using Housing NWT internal resources. Overall, Local Housing Organizations base funding has increased 6.4% in 2023-2024 compared to 2021-2022.

In addition to base funding for administrative and maintenance activities, Housing NWT provides over \$1.1 million annually to support the hiring of Local Housing Organization apprentices and for Local Housing Organizations to attend workshops and training opportunities throughout the year. Housing NWT also funds extraordinary funding requests as needed outside the base funding formula, such as expenses related to tenant damages, security related costs and legal fees. This past year, Housing NWT has paid over \$700,000 in extra unforeseen costs for Local Housing Organizations.

Question 3: How does Housing NWT intend fund this gap given LHOs cannot source third party funding or funding from financial institutions?

Through the base funding formula, and additional funding provided by Housing NWT, Local Housing Organizations are currently funded at appropriate levels to deliver their core services. It is also important to point out that as per the March 31, 2022, audited financial statements, Local Housing Organizations reported net financial assets surplus of over \$5 million. Most Local Housing Organizations maintain solid cash positions and some of them are able to have short-term investments. Housing NWT allows each Local Housing Organization to retain accumulated surplus to maintain working capital and manage any immediate cash requirements. Where service gaps exist, Housing NWT reviews each gap on a case-by-case basis and strategically positions additional support as required.

As part of our renewal strategy Housing NWT conducted extensive engagements with many Local Housing Organizations. This process provided valuable perspectives and information for consideration as Housing NWT reviews and updates our policies and procedures, including the Local Housing Organization funding formula.

Question 4: Will the Minister ensure that the Corporation's full list of assets by community, their condition, and required asset maintenance costs be included in Housing NWT's Annual Reports, including the upcoming 2022-23 Annual Report?

Per recommendations of the Auditor General, Housing NWT instituted an internal unit condition inspection and reporting process. This internal assessment process is critical to prioritizing maintenance and repair activities within Housing NWT assets.

We support and agree that Housing NWT should find an appropriate means to provide public reporting on our assets and are looking to find the best way to do this. One of the recommended outcomes identified in Housing NWT's renewal strategy is an enhanced Asset Management Plan. As Housing NWT develops this plan, we will look for opportunities to develop more comprehensive public facing reporting, potentially through a dashboard solution. We believe that a public dashboard approach, will offer a better public reporting solution than an appendix to the Annual Report listing 2600 public housing units with unit-by-unit detail. We look forward to developing our Asset Management Plan beginning in 2023-2024.

Thank you, Mr. Speaker.