

KEVIN O'REILLY—MLA FRAME LAKE
Reduction in Housing Budgets
Committee of the Whole—2018-2019 Operating Budget Review
NWT Housing Corporation—March 7, 2018

MR. O'REILLY: Thanks, Mr. Chair. I am just looking at schedule 3 of the business plans, the public version from the website, and I see that there is going to be a reduction to local housing, LHO funding contributions of \$217,000. Can someone explain what that is all about? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister.

HON. CAROLINE COCHRANE: Thank you, Mr. Chair. We did a review of the local housing organizations, and we found that a number of them actually had surpluses, so we have scaled back so that those surpluses, it is not okay to have local housing organizations having surpluses. We lowered the amount of funding to them, and we will be looking at different opportunities for them to actually bring in revenue and, if needed, we will increase those as well. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Thanks to the Minister for that. Is this a multi-year cut that is going to happen over a number of years, or is this a one-time thing? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. CAROLINE COCHRANE: Thank you, Mr. Chair. Yes, it is over two years. For the two years, it will be \$217,000. Like I said, we are watching them closely. If they need additional monies, we will support that, and we are also looking at different ways that the local housing organizations can bring in funding. For example, some of the communities are talking about how they don't have access to repairs for people who are over the income threshold, and they don't have supplies. We are just in that policy review. We are looking to see if the local housing organizations can expand to meet not only the public needs in the market housing to public housing, but can meet the housing needs within the communities as a whole. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. How does the corporation determine the allocation of this \$217,000 reduction? Is it just a handful of LHOs, or is it all of them? How is that calculated? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. Martin.

MR. MARTIN: Thank you, Mr. Chairman. The reduction, as the Minister alluded to, the \$217,000 amount over the next two years was determined through the corporation's analysis through the budget reduction exercise. This amount was identified in terms of, well, the aim here was to minimize the impact on the local housing organizations. This reduction translates into approximately 2 per cent of the budgets. In terms of how this

budget reduction has been allocated, it has been allocated on a pro rata basis across each LHO based on their total annual operating budget. Thank you, Mr. Chairman.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. That is interesting information. I would have thought that it would have been allocated or it would have been some sort of aggregate of the LHOs that are in a surplus situation, but it just seems like it was cut across the board. Can I just get someone to clarify that for me? Is this to just to cut across the board or was this an aggregate of those LHOs that are in a surplus situation? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Minister.

HON. CAROLINE COCHRANE: Thank you, Mr. Chair. When we looked at the allocations to the local housing organizations, we realized that some of them actually, like you said, had surpluses. Some of them actually had differing numbers. It is a formula that we need to look at, the amount of funding. As stated, we will be looking at and watching the monitoring very closely. I am committed to ensuring over the next two years that, if the local housing organizations may need more financials to be able to meet their needs based on, because they don't get all of the housing units, at that point, then we will look at reinstating from internally.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. The question was whether or not this was a cut across all the LHOs or whether this cut represents an aggregate of those LHOs with the surplus. Minister.

HON. CAROLINE COCHRANE: Yes, so the cut was across all LHOs. So far the feedback that we received is that the local housing organizations are stating to us that they are manageable. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Yes, I'm a bit disappointed to hear that. Is the Housing Corporation then going to develop some kind of policy about surplus retentions and deficits for LHOs? I know the Department of Education has something similar, but is that something that the corporation is going to look at, developing rather than these across the board cuts? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Minister.

HON. CAROLINE COCHRANE: Thank you, Mr. Chair. Yes, we have a surplus and deficit policy in effect already. The policy states that if any local housing organization is over \$100,000 in surplus that they need to re-invest that into housing. My goal is that housing organizations should not have a surplus. They need to be using that money. We have critical needs in the community, so I'm trying to just let them know that building a surplus is not acceptable, that they need to actually put those into the housing and repairs that are needed in communities. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I appreciate the response from the Minister. I would tend to agree that you don't want large surpluses built up over a number of years, but if

they have capital needs or something, that might be a good reason to do it. Can the Minister commit to share the policy with standing committee? I just checked with my colleague, the chair of the standing committee, and the committee hasn't seen that policy and the chair is interested in seeing it. I'm interested in seeing it. Can the Minister commit to share the policy with standing committee? Thanks, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Mr. O'Reilly. Minister.

HON. CAROLINE COCHRANE: Thank you. It's actually within our Community Housing Services Agreement, so our operating agreements with the local housing organizations. I can provide a copy of that agreement with that piece in it by tomorrow. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. I don't think I've ever heard a prompt answer like that before in Committee of the Whole, so that's great. In any event, I just want to go on the record. I don't think this is a good way to cut funds out of the Housing Corporation. If there are some LHOs that are in surplus, they're the ones that you should go after, not just right across the board cuts. I'll just leave that on the record. I don't have any further questions. Thanks, Mr. Chair.

impson): Thank you, Mr. O'Reilly. Minister.

HON. CAROLINE COCHRANE: Thank you, Mr. Chair. I cannot commit to tabling it at the end of this session; it does need to go through the process to go through Cabinet, but I will table it at the earliest possible opportunity. Thank you, Mr. Chair.

CHAIRPERSON (Mr. Simpson): Thank you, Minister. Mr. O'Reilly.

MR. O'REILLY: Thanks, Mr. Chair. Again, my appreciation to the Minister and her staff for putting that together, and the sooner she can provide it to us I think the happier I'll be. So thanks again.