NHC's New Public Housing Construction Allocation

BACKGROUNDER

ALLOCATION METHODOLOGY

In order to determine where to build new public housing units and how many, the Nunavut Housing Corporation's (NHC) Allocation formula uses needs list numbers, and current public housing stock numbers to determine a **needs list as a percentage of existing stock**. Communities are ranked by this percentage and allocated new housing construction accordingly.

The formula used to determine allocations is:

$$\frac{Needs\ list\ number}{Existing\ stock} = Needs\ list\ as\ Percentage\ of\ Stock$$

WHAT IS A NEEDS LIST?

A needs list is used by the NHC's local housing partners, Local Housing Organizations, to track how many applications are waiting for the allocation of a public housing unit. Each application on a needs list represents the need for one more unit in that community.

HOW DOES THE FORMULA WORK?

The formula makes it possible to compare public housing need between large and small communities. Rather than basing the allocation of new units on public housing needs lists only, it divides the needs list number by the amount of public housing stock in the community, to produce a percentage that measures <u>relative need</u>. Communities are then ranked by this percentage.

The calculation ensures that housing allocation across the territory is fair, as well as consistent, and that the communities in Nunavut with the most significant housing need will receive the most public housing construction.

Example of how the NHC established the needs list as a percentage of existing stock:

Gjoa Haven's March 2017 needs list number was 92 units (adjusted for the impact of any already planned construction); Gjoa Haven's

public housing stock (after any ongoing or already planned construction) is 236, so: $\frac{\mathbf{92}}{\mathbf{236}} = \mathbf{39}\%$

Gjoa Haven's current needs list percentage is **39%** making it the fourth highest of all communities in the territory, and placing it at number 4 on the community ranking list.

The formula shows how much more public housing is needed to eliminate a community's needs list. *In the example of Gjoa Haven, the community needs to increase its existing stock by* **39%** *to get rid of the backlog for more public housing.*

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IMPACT OF ALLOCATION METHODOLOGY AT THE COMMUNITY LEVEL

The goal the allocation methodology is to address Nunavut's housing crisis in a way that is fair to all communities. This means reducing the size of the gap in public housing need between communities, and eliminating the imbalance of need by community.

Since the inception of the methodology for the allocation of $100 million federal funding in 2013, the need has shown some variability across communities. While the actual need as a percentage of stock numbers vary by year, based on new needs lists, each new housing allocation creates greater equity between communities, as demonstrated in the chart below.

REFINING AND MODIFYING THE FORMULA

The NHC has been and will continue to make modifications and refinements to the formula to ensure that limited funds for housing construction benefit Nunavummiut in the fairest and most valuable way.

For example, since 2015-16, the NHC has used slightly modified needs list numbers that include all applicants regardless of their arrears status. This allows for an even more accurate representation of need in each community, and will continue to be used going forward.

FUTURE CONSIDERATIONS

Older houses: NHC's stock of public housing is aging and many units are at or reaching end of their useful life. Old units require significant maintenance, can often be inefficient and will need to be replaced. Due to the severe shortage of housing, NHC is continuing to maintain old units. Consideration for redevelopment of old units is being reviewed and funding for replacement potentially prioritized in concert with the current demand based methodology for new construction. NHC is evaluating how to best address older stock in need of replacement from the available stock for planning purposes.

Overcrowding: In some cases, tenants are 'over-accommodated', which means they have more bedrooms in the house than they need. In this case, the tenants can and should be reassigned a smaller unit when available to allow for a larger family to be accommodated, and thereby reducing housing demand.

NHC is reviewing the possibility of adding a general measure of 'overcrowding' criteria to the allocation formula. Overcrowding data is not dependent on people filling in waitlist applications regularly. As a result, refining the formula to include this data has the potential to reduce volatility of the rankings and encourage LHO's to proactively reduce overcrowding by ensuring that the housing stock is used to its maximum potential.

Build cycles: The NHC may also move to regularly planning builds on a two year cycle, where needs assessed will be used to plan construction two years in the future.

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FAQs

IF A COMMUNITY DID NOT RECEIVE ANY CONSTRUCTION ALLOCATION THIS YEAR, WILL IT BE ALLOCATED HOUSING IN THE NEXT ROUND OF FUNDING?

Not necessarily. Going forward, all construction allocations, no matter what the source of funding, will be done on the basis of need.

If a community is in the greatest need, <u>based</u> on the methodology, <u>at the time of allocation</u>, then it will receive housing construction.

ARE ANY OTHER FACTORS CONSIDERED IN CALCULATING NUMBERS OF HOUSES?

Yes. The decision of which communities receive allocation is based on needs list percentage, but is also dependent on the availability of land, and infrastructure to support new housing construction. Similarly, the number of units constructed in each chosen community is also based on land and infrastructure.

When a community is chosen for construction of new units, its needs list is reviewed to ensure accuracy and fair allocation. If the review demonstrates a discrepancy in the needs list, this may affect the allocation.

Where necessary, if land availability or other factors will significantly impact delivery of new housing, construction will be delayed.

HOW DOES THE METHODOLOGY MAKE ALLOCATIONS MORE EQUITABLE?

The needs list as a percentage of existing stock makes allocations more equitable because it looks at the need for more housing in relation to the community's ability to meet that need; instead of how many applications are on a needs list.

For example:

- Whale Cove and Qikiqtarjuaq had almost the same number of applications on their needs list. As of March 2017, Qikiqtarjuaq had 33 applications on its needs list. As of the same date, Whale Cove had 34 applications. Because these numbers were so close, it would have made it difficult to choose which community to allocate more units to.

- However, Qikiqtarjuaq's need was spread over 142 units, while Whale Cove had only 83 units to meet its public housing need.

- The Qikiqtarjuaq needs list as a percentage of stock represented a 23% public housing shortage or the need for approximately _**two**_ more units for every ten units they already had.

- On the other hand, the needs list as a percentage of existing stock for Whale Cove represented a 41% public housing shortage or the need for approximately _**four**_ units for every ten that they had.
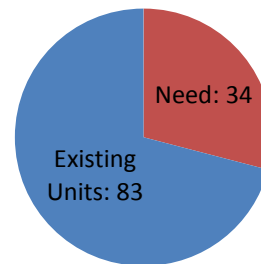
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- This means a small community like Whale Cove can be compared with larger communities, who may have more applicants on their needs list, but also more units to meet the need.

Qikiqtarjuaq

Need: 33

Existing Units: 142

Whale Cove

Need: 34

Existing Units: 83
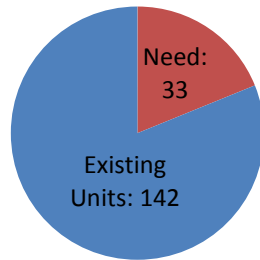
HOW DOES NHC MANAGE COSTS AND IMPROVE THE EFFICIENCY OF THE ALLOCATIONS?

A number of factors lead to lower costs and improved housing delivery. As every community is isolated, logistics form a large part of costs for construction. NHC typically constructs 5-plex units in communities for public housing (with some exceptions, notably Iqaluit where higher density buildings are required). By constructing a minimum of two five-plexes at a time, the unit costs are typically lower than for construction of a single 5-plex building.

Where suitable, NHC will tender both Staff Housing construction and Public housing construction as part of the same construction package in order to obtain economies of scale.

FISCAL YEAR 2019/20 ALLOCATION – FUNDS

Funding for new housing construction is available from both GN and federal sources. The 2019/20 GN funding anticipated is $17.5M; CMHC funding will be $25.5 M and carry-over funding from savings in previous years is estimated to be $7M for a total construction budget of $50M

Costs for builds vary due to size of build, community and other factors. An average unit cost for construction is approximately $500k. Therefore, for fiscal year 2019/20, NHC anticipates initiating the construction of 100 new public housing units. The planned allocation of those units is shown on **page 6.**

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Expected impact: Needs lists changes based on Pre and Post 2019/2020 Construction

Legend: ■ Pre-Construction Waitlist as % of stock
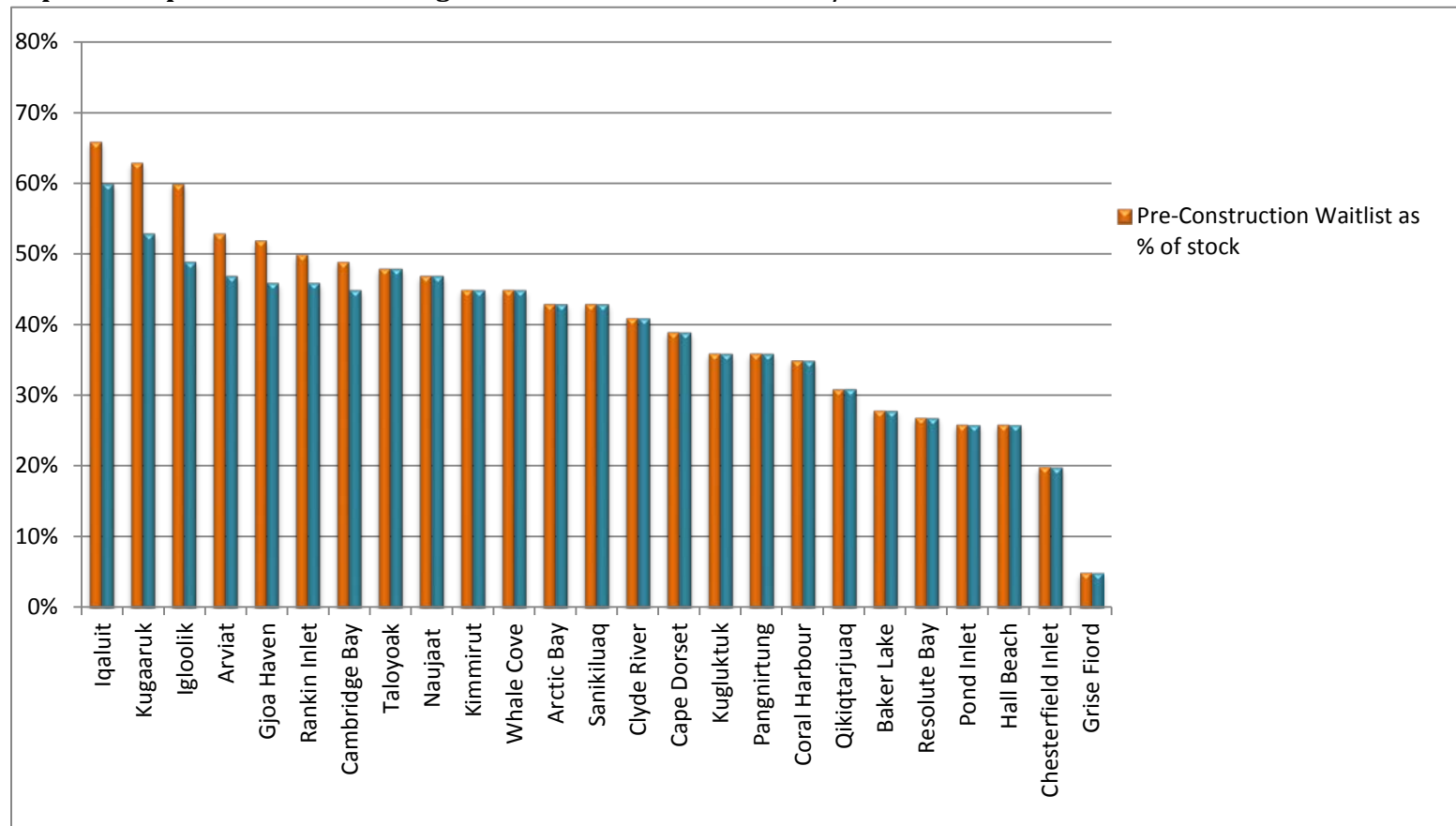
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Needs List as Percentage of Stock March 31, 2018
New Housing Construction 2019/20

Community	Total Current Stock + planned (STOCK)*	(Adjusted) Waitlist March 31, 2018	Waitlist as a % Stock	RANK	Units Allocated	% increase	Post Build Needs as % of Stock
Iqaluit	540	360	67%	1	20	4%	61%
Kugaaruk	161	101	63%	2	10	6%	53%
Igloolik	285	170	60%	3	20	7%	49%
Arviat	455	244	54%	4	20	4%	47%
Gjoa Haven	241	125	52%	5	10	4%	46%
Rankin Inlet	347	176	51%	6	10	3%	46%
Cambridge Bay	291	144	49%	7	10	3%	45%
Taloyoak	207	99	48%	8		0%	48%
Naujaat [Repulse]	181	85	47%	9		0%	47%
Whale Cove	83	38	46%	10		0%	46%
Kimmirut	104	47	45%	11		0%	45%
Sanikiluaq	194	84	43%	12		0%	43%
Arctic Bay	166	71	43%	13		0%	43%
Clyde River	192	79	41%	14		0%	41%
Cape Dorset	283	111	39%	15		0%	39%
Pangnirtung	300	109	36%	16		0%	36%
Kugluktuk	306	111	36%	17		0%	36%
Coral Harbour	178	63	35%	18		0%	35%
Qikiqtarjuaq	142	44	31%	19		0%	31%
Baker Lake	418	123	29%	20		0%	29%
Resolute Bay	49	13	27%	21		0%	27%
Hall Beach	164	43	26%	22		0%	26%
Pond Inlet	274	69	25%	23		0%	25%
Chesterfield Inlet	94	19	20%	24		0%	20%
Grise Fiord	41	2	5%	25		0%	5%
	5696	2530	44%		100	2%	42%