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Supplementary Report Of The Nunavut
Implementation Commission
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STAFF HOUSING: NUNAVUT GOVERNMENT:
SUPPLEMENTARY REPORT OF THE NUNAVUT
IMPLEMENTATION COMMISSION

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Staff Housing: Nunavut Government

*A Supplementary Report of the
Nunavut Implementation Commission*

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ISBN 1-89548-10-5

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**Nunavut Hivumukpalianikhaagut Katimayit
Nunavut Implementation Commission
commission d'établissement du Nunavut**

September 14, 1995

The Hon. Ron Irwin,
Minister,
Department of Indian Affairs and
Northern Development,
Ottawa, Ontario

The Hon. Nellie Coumoyea,
Government Leader,
Government of the Northwest Territories,
Yellowknife, NWT

Mr. Jose Kusugak,
President,
Nunavut Tunngavik Inc.,
Iqaluit, NWT

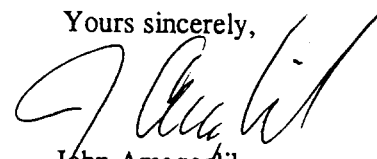
Dear Mr. Irwin, Ms. Cournoyea, and Mr. Kusugak,

On behalf of the Nunavut Implementation Commission (NIC), I am writing further to my letter of August 17, 1995, concerning work of the Commission supplementary to its earlier report, "Footprints in New Snow".

At this time I am pleased to supply you with a supplementary report of the Commission entitled "Staff Housing - Nunavut Government". This report expands on the recommendations in our March 31, 1995 comprehensive report. The Commission believes that the availability of adequate and affordable housing for government staff will be most important for the Nunavut Government.

The Commission would be pleased to discuss this report with you, or any other work of the Commission, at a convenient time.

Yours sincerely,



John Amagoalik,
Chairperson

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STAFF HOUSING - NUNAVUT GOVERNMENT

**A SUPPLEMENTARY REPORT OF THE NUNAWT
IMPLEMENTATION COMMISSION**

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Staff Housing - Nunavut Government

I Background

The Commission believes that a supply of adequate housing at affordable prices is essential for the effective delivery of the Nunavut Government's programs and services by the staff of the Government. Past experience both in the NWT and elsewhere in Canada has shown that inadequate and or crowded housing creates a broad range of problems including;

- increased physical and mental health problems.
inadequate school performance associated with lack of adequate sleep and /or adequate quiet space to do homework.
- increased absenteeism at work.

These problems detract both from staff performance on the job and the education of the future workforce.

II Other Factors

The Commission, also, believes that there are other key factors which must be taken into account that are unique to the north and Nunavut.

1. The severity of the climate dictates that most people spend much " more time indoors than anywhere else in Canada.
2. The general lack of a private housing market in most Nunavut Communities and the lack of accommodation to rent or purchase.
3. The major reliance on social housing is most Nunavut communities.
4. The existing major shortfall in available social housing in Nunavut .(approximately 1800 units)
5. The elimination of Federal capital funding for new social housing and the reduction in funding for operating and maintaining existing rental social housing.

III Other Issues

The Commission is fully aware of the position and philosophy of both the Government of the NWT and the Federal Government regarding staff housing in the North.

For many years both Governments provided a broad range of support for housing its employees throughout the communities in the NWT". Substantial financial resources have been provided to build, lease, operate, maintain and manage staff housing programs. In recent years both Governments have been attempting to withdraw from both the responsibility and the high costs of housing in those communities where a viable private market could be developed.

The Commission fully understands this background and the important financial implications associated with Government owned , operated, maintained and managed staff housing. The Commission is, also, committed to work towards the same long range intent of having both the individuals and the private sector meet the housing needs in the North to the fullest extent possible. The Commission fully believes, however, that a supply of adequate and affordable housing will be essential for the staff of the Nunavut Government and that the Government must have the appropriate programs and financial support in place to ensure housing is available.

IV Principles

In light of the importance of housing and the above factors, the Commission believes that the Nunavut Government must have a well defined Government staff housing strategy and policy.

The key principles guiding this strategy and policy are;

1. Government employees whether recruited locally or from outside the community should be treated fairly and equitably.
2. Nunavut Government staff housing policies and programs should support the ability of the Government to attract, retain and promote staff.
3. The Nunavut Government should support the eventual development of private housing markets in all communities which will ensure a supply of adequate and affordable rental and home ownership accommodation.

4. The Nunavut Government should support the supply of housing in a manner which encourages viable private sector opportunities for Nunavut companies, co-operatives, development corporations and individuals to develop, own and (operate where applicable) housing to meet both the rental and purchase market.
5. The Nunavut Government's staff housing policies and programs should be closely integrated with an overall housing strategy for Nunavut to meet the needs of all levels of Government, claimant organizations, social housing recipients, the private sector and the public at large.

V Approach

To ensure there is adequate and affordable housing available for Nunavut employees to rent or own, the Commission believes there should be appropriate Government policies and programs in place.

A. Lease of Accommodation

To meet the needs of employees that desire to rent their accommodation there should be leased staff housing available. Leasing can be achieved in two basic ways;

1. Straight lease
 - (a) - Nunavut Government leases from a private building owner.
 - (b) - Nunavut Government sub-leases to staff and collects the rent.
 - (c) - Nunavut Government provides full property management.
2. Rental Guarantee
 - (a) - Nunavut Government guarantees the difference between the Nunavut Government rents and the private building owner's rent.
 - (b) - The Building Owner enters into leases with the employees and collects the rent.
 - (c) - The Building owner provides property management.

The Commission believes a rental guarantee is the best approach because;

- 1.- It establishes a normal landlord to tenant relationship.
- 2.- It requires the private building owner to assume a normal private sector property management role.
- 3.- It decreases direct dependency on Government.
- 4.- It encourages both landlord and tenant responsibility and accountability.

The attached discussion paper prepared by the Department of Public Works and Services, GNwT, outlines in some detail a possible framework and key planning assumptions for leasing both office space and staff housing in Nunavut.

The following is a summary of the key leasing assumptions for staff housing;

1. Accommodation standards
-Nunavut Government
2. Lease type
-net lease
3. Lease term - existing housing -5 years
- new housing -20 years
4. Land
Nunavut Government reserves the land.
5. Planning schedule
-2 years
6. Return of equity
- current rate of interest for a first mortgage.
7. Equity by the builder.
-minimum - 15%
8. Construction standards
- Nunavut Government.
9. Acquisition of Leased accommodation.
 - (a) Leased accommodation provided **primarily** through public proposal calls.
 - (b) Under certain limited circumstances and within strict criteria, some accommodation may be acquired through negotiation. For negotiated leases the owner must be 100% northern and local and 100% of contractors, sub-contractors, consultants, suppliers and labour must be northern and local.
10. Options to purchase
- the leases and rental guarantee agreements for single and multifamily units should be structured to permit purchase options by the tenants.
11. Proposal calls will be structured to encourage bids from both the small property owner of an existing housing unit to Northern firms capable of providing and managing multiple housing units.

B. Purchase of Accommodation

To meet the needs of staff who want to purchase or build their own home, there needs to be appropriate Government assistance available.

For most Nunavut communities at this time there is only limited private housing that is both available or affordable.

For employees who want to acquire their own home there should be financial support available that is basically equivalent to the support provided to employees who wish to rent their accommodation. An appropriate vehicle to achieve this objective could be a down payment assistance program.

1. Employee Home Ownership Down Payment Program.

(a) The main elements of the Program could be as follows;

- The employee must be eligible for bank financing.
- The employee provides a five percent (5%) downpayment.
- The Government would provide a forgivable loan of twenty percent (20%) of the cost of the home.
- The loan would be forgiven over a 15 year period.
- The employee assumes a bank mortgage for 75% of the cost of the house.
- A ceiling for the cost of the home would be established based on the cost to construct a 3 bedroom, 1200 sq. ft. home in each Nunavut community.
- The employees pay for their own utilities and maintenance.
- To provide security and reduce risk, employees under this program will be eligible for a Government Buy Back Plan which would buy back their housing unit at ninety percent (90%) of the appraised value if they have not been able to find a buyer.

(b) The benefits of the Program would be;

1. The Government employee benefits in that they build up "equity in property they own while assuming approximately the same costs as a Government employee in rented accommodation.
2. The Program would encourage employees to build new homes thereby adding to the housing supply in each community and stimulate the development of a market economy.
3. Home ownership would encourage stability in the Nunavut Government workplace.
4. Home ownership will encourage employee pride in their housing and encourage personal responsibility in the economical use of water, electricity and fuel.

(c) cost

The Government of the NWT has had considerable experience in developing and implementing various home ownership programs through the NWT Housing Corporation . Based on this experience the cost per unit for a **downpayment** program is illustrated in appendix A. This preliminary costing indicated that the subsidy per housing unit for a 20% loan forgivable over 15 years would be in the range of approximately \$30,00 to \$34,000.

(d) Program Introduction

The Nunavut Government will come into being on April 1, 1999. During the **first** year of operation considerable time will be spent on establishing the headquarters organization in the Capital, and relocating staff to new regional and auxiliary regional offices. As part of this initial organizational activity approximately 3/4 of the staff will be relocated, promoted and /or recruited from outside their new home community. Initially, therefore, the Commission believes these employees will be primarily interested in rental accommodation. This will allow them to become accustomed to their jobs, to their new community and to the Nunavut Government. After the phase in period the Commission believes the level of interest in the home-ownership option will steadily increase and it is important that the Nunavut Government be in a position to respond with appropriate programs.

For 1999-2000 the first year of the new Government, the primary focus should be on the provision of rental accommodation with the preferred option being the Rental Guarantee approach.

VI Summary

The Commission has concluded that a supply of adequate and affordable housing for Nunavut Government Employees will be essential for the effective operation of the Government. The Commission, also, supports the long **term** objective of both the Government of the NWT and the Federal Government to develop a private housing market in the North and to encourage both personal and private sector responsibility regarding housing.

APPENDIX A

BAFFIN REGION

Community	Maximum construction costs	5% down payment	Financing 10% per month	20% forgivable loan	maximum mortgage	assisted financing @ 10%	financing savings w/loan per year
Iqaluit	154,900	7,745.00	1,316.28	30,980.00	116,175	1,039.17	3,325.32
Cape Dorset	150,000	7,500.00	1,274.64	30,000.00	112,500	1,006.30	3,220.08
Pangnirtung	152,800	7,640.00	1,298.44	30,560.00	114,600	1,025.08	3,280.32
Pond Inlet	153,200	7,660.00	1,301.84	30,640.00	114,800	1,027.77	3,288.84
Igloolik	153,500	7,675.00	1,304.39	30,700.00	115,125	1,029.78	3,295.32

KITIKMEOT REGION

Community	Maximum construction costs	5% down payment	Financing 10% per month	20% forgivable loan	maximum mortgage	assisted financing @ 10%	financing savings w/loan per year
Cambridge Bay	159,500	7,975.00	1,355.37	31,900.00	119,625	1,070.03	3,424.08
Coppermine	160,600	8,030.00	1,364.72	33,120.00	120,450	1,077.41	3,447.72
Gipsa Haven	167,100	8,355.00	1,419.95	33,420.00	125,625	1,121.02	3,587.16

KEEWATIN REGION

Community	Maximum construction costs	5% down payment	Financing 10% per month	20% forgivable loan	maximum mortgage	assisted financing @ 10%	financing savings w/loan per year
Arviat	153,030	7,650.00	1,300.14	30,600.00	114,750	1,026.42	3,284.64
Baker Lake	152,800	7,640.00	1,298.44	30,560.00	114,600	1,025.08	3,280.32
Rankin Inlet	154,930	7,745.00	1,316.28	30,980.00	116,175	1,039.17	3,325.32

June 19, 1995

DEPARTMENT OF PUBLIC WORKS AND SERVICES
NUNAVUT INFRASTRUCTURE
PLANNING ASSUMPTIONS
OFFICE SPACE AND HOUSING

A. GENERAL

1. Lease vs Own

The policy is to lease office space and housing rather than construct as government owned assets. This approach:

avoids the large expenditure of capital funds by government

encourages long term private sector development

encourages the construction of additional office, residential and commercial leased space on "spec", in conjunction with the government space.

provides flexibility in meeting needs.

2. Leasing Process:

a) Public Request For Proposal (RFP)

Requests for proposals (RFP) are issued through advertisements in northern papers and posted notices in the affected communities. The RFP includes general specifications on the space required, location, standards of construction, and maintenance, lease term, northern preference policy and a sample lease document.

All proposals are evaluated on certain weighted criteria which may include:

COMPONENT	WEIGHT (%)
costs	50
Quality of Accommodation	35
Northern/Local involvement	5
Proponent's experience	5
Schedule	5
	100%

In evaluating the cost component, preference is given for local/northern involvement under the business Incentive Policy (BIP). This is in addition to the separate evaluation criteria for "Northern./Local Involvement.

b) Negotiated Leases

In certain situations, the Cabinet may authorize a negotiated lease in lieu of public RFP. This is a means to maximize the local benefits to the community in terms of business development, job creation and training opportunities.

Negotiated contracts usually have special criteria designed to achieve these objectives.

100 % northern suppliers, consultants and contractors must be used.
Total northern/local ownership.
Proponent must have certain equity in the project (15% minimum).
Costs must be reasonable.

With respect to negotiated lease costs, a number of assumptions are required:

Development Costs: Includes a construction estimate, interim financing, project management, legal and mortgage fees and a structural reserve.

Return on Equity: Generally, the rate of interest of the (first) mortgage is considered a reasonable interest rate for the return on equity.

Financing: The landlord is expected to shop for competitive financing. The long term Government lease is considered excellent security for most lenders. The lease usually includes rent adjustment clause to compensate for changes in mortgage interest rates.

The term of the mortgage to be the same as the lease term or longer.

Base Rents: Are calculated as the amount necessary to secure the mortgage and to pay a return on equity.

Equity: A minimum of 15% equity is required. This may be increased, depending on the mortgage lender's debt coverage ratio (DCR), which is a cushion against decreases in net operating income (NOI) to assure the lender that the borrower can continue to service the debt. For example, with a 1.2 DCR, the lender will require the borrower's NOI to be sufficient to meet mortgage payments plus a cushion of 20%. Since the developer's equity investment is not subject to a DCR, the GNWT may wish to assist the developer to maximize his equity participation thereby decreasing the NOI (i.e. mortgage amount x DCR) required by the lender. This may be achieved by paying a higher rate of return on equity or through low interest loans. For example, if equity participation can be increased from 15% to 25%, the mortgage amount can be decreased from 85% to 75% and the rent could be reduced by 12%, i.e., $(.85 \times 1.2) - (.75 \times 1.2) = 1.02 - 0.9 = 0.12$.

3. Lease Types

There are two general types of leases used:

- (a) **Gross Lease:** Used for short term leases (less than 5 years) and the rents include a fixed base and operation and **maintenance (O&M)** costs. Taxes and some of the utility costs, i.e. heating fuel, may be allowed an escalation to "actual" costs, otherwise the rents are fixed for the full term.
- (b) **Net Lease:** Used for long term leases (over 5 years) where a fixed base rent is paid plus an adjustable O&M rent. The O&M rent is usually estimated for the first year and the escalation in the second year is capped at 10%. In the third year O&M rent is based on actual costs. Annual adjustments are done.

O&M may include:

- taxes
- insurance
- **maintenance**
- janitorial
- utilities
- overhead/administration

4. Lease Terms:

There are a number of factors that influence the term (years) of the lease. Generally, except for some special, short term projects, the leased **infrastructure** is required in the long term, i.e. 10 years or longer. However, there are reasons for leasing these facilities on short terms, if short term leases can be implemented. For example, with office space, programs and government organizations are frequently changed/consolidated/expanded with resulting impacts on office space. Short term leases provide the flexibility in office inventory needed to accommodate these changes. The short term lease can be renewed without relocating staff, can be replaced with more suitable space, can be downsized or dropped from the inventory completely.

Short term leases are generally practical only where there is a surplus of existing facilities on the "market", or there is a well developed market to support long term investments "on spec" i.e. without long term lease guarantees in place. The result is that most leased infrastructure must be built new and require long term leases to **enable** the projects to be financed over a **reasonable** period of time (20 years). Such long term commitments remove the flexibility in managing the inventory makeup and therefore special considerations may be included in the lease terms. For example:

The option to acquire additional space adjacent to the existing lease at some time in the future. This requires the building be designed to accommodate an expansion and that land be available and reserved for this purpose.

A variation on the above, is to require additional space to be constructed at the same time, to be placed on the private market, but the government holds an option on future use. There may be a premium associated with this.

5. Lease Costs

Many of the factors above impact directly on lease costs. In addition, there are other considerations for reducing the cost of leasing.

a) Land

In some communities, there may be little or no land available for commercial development. In some cases, undeveloped land maybe “reserved” by certain developers and not available to competitors. When calling for build/lease proposals, it is important that suitable land be available to all potential proponents. If there is a shortage of land, the government may wish to reserve a lot(s) and make available, through leasing to the selected proponent. This should be optional, as a developer may already have partially developed or undeveloped land or require more land for a larger or a different type of development.

b) Advance Planning

The RFP must be issued well ahead of the date when the facility is required. The RFP process in itself can be quite lengthy, allowing time for advertising, evaluation of proposals and award. For design/build projects, the proponent must be allowed sufficient time to prepare the proposal, identify land, review financial arrangements, investigate construction costs etc. Most communities are served through an annual resupply and the award needs to be scheduled in consideration of the time it takes to order materials to dockside. Rushed or “Fast Tracked” projects initiated late in the season always result in higher costs. Most contractors and consultants have committed their resources to other projects by this time and a premium must be paid to attract contractors and to expedite the process.

A typical Schedule for a small office building required by April 1, 1999 in the Eastern Arctic might be:

<u>Task</u>	<u>By</u>
Client confirms needs	July - 1997
Issue RFP	Aug. -1997
Receipt of Proposals	Oct. - 1997
Evaluation & Award	Dec. -1997
Design/Design review	Mar. -1998
Awarding of Sub-Contracts for materials & construction	Apr. -1998
Materials to dockside	July - 1998

Construction starts
Occupancy

Sept -1998
Apr. -1999

d) Construction Standards:

Considered along with inspection services, commissioning and long term O &M, this can be a difficult matter to address. Developers generally tend to construct to minimum standards. It is difficult to develop lease terms that hold the landlord responsible for long term O&M costs, and it is usually in the tenant's best interest to define the performance standards in the RFP, and to have the owner demonstrate the standards will be met. Air quality, energy efficiency and general quality of construction are relatively easy to define and monitor. It is very difficult to change these after construction and therefore sufficient time must be allowed in the design/design review process to accomplish this.

Leases are generally limited to 20 years and this should be recognized when setting standards that are factors in the life of the building.

e) Lease to Own:

Most developers are interested in an immediate return on investment, and are not too concerned with a potential profit 20 year's away. Therefore, a lease which provides that ownership revert to the government at termination, may be a method to reduce lifetime costs while satisfying the developer's need for an early return. While annual rents may be considered high, acquiring ownership of an asset in good condition at the end of the lease, reduces these costs in the long term.

The government may elect to "resell" the asset at that time for revenue, sell with a leaseback, or continue to use for government programs.

If lease to own is being considered, then the design and construction standards should be established accordingly ie. for a longer life building.

B. OFFICE SPACE

1. Office Space Standards:

The GNWT "Office Allocation Standards Directive will be used to determine general office space needs for all government departments and agencies. Key features of these standards include:

Generally "open concept" approach with closed offices for certain managers, and for meeting rooms and special areas.

Growth space is provided in the open area.

Space is provided for "approved" positions only.

2. Tenant Improvement Standards:

Offices are usually leased with floor coverings, ceiling, lighting and HVAC installed. The "Fitups" to suit individual tenants are funded separately from the rent as government Capital projects. This includes partitions, workstation electrical services, extensions modifications of HVAC to suit office layouts, signage etc.

Standards are provided for this work.

Tenant improvements (TI) are funded separately from the lease payments because:

It allows space to be leased prior to completing the detailed planning of layouts. Proponents cannot submit realistic competitive bids that include T.I. before the building has been designed and the exact layouts are known.

Offices will usually be renovated/alterd several times over the term of a lease. If the T.I. are owned by the landlord, renegotiation of the lease and rents would be required each time renovations are required.

It is uneconomic to amortize the cost of T.I. over the length of a long term lease and pay in the rents, when the T.I. have an average life of only about 7 years.

Although planned and funded separately, it is more cost effective if the T.I. can be constructed at the same time as the building, using the same contractor(s). For general office space, the RFP may request unit price quotes for T.I. even though the T.I. still have not been designed. This is usually accomplished by requesting, for example:

- \$/linear feet of partition
- \$/ office door installed

Once the lease has been awarded and the building has been designed, the office layouts can be designed and actual T. I. determined. Avoid negotiating the cost of T.I. as a change order to the lease or as a separate, new contract.

At occupancy the T.I. are paid out in full as a capital cost and monthly rent payments commence.

C. HOUSING

1. Standards:

The standards for area (M²) construction, finishes and appliances will be those established by the NWTTC for public housing programs.

For staff housing, some minor upgrades are permitted. These may include additional carpeting and upgraded finishes.

2. Type of Units:

The demand for certain types/sizes of accommodation depends largely on the government policies of subsidization, home ownership and user pay. Where the policies are established to encourage private ownership, market development and user pay, then smaller, more efficient multi-family units are preferred over large, single family housing.

The policies should be established prior to determining the housing mix.

3. User Pay (Utilities):

The housing should be designed to permit the tenants to pay for their own utilities either immediately or at some future time, where practical. Usually, this means:

	BY TENANT	BY LANDLORD
a) Apartments: Electrical Heat Water	X	X X
b) Row Housing Electrical Heat Water	X X X	
c) Detached/Duplex Electrical Heat Water	X X X	

The utilities should be designed to permit the utility company/agency to invoice the tenant directly, and not require the landlord or other third party to read internal meters and issue secondary invoicing. This is consistent with the objective of future private ownership of the units.

4. Rental Guarantees Agreements:

As a move towards a total private housing market, head lease agreements between the government and the landlord should facilitate day to day contact between the landlord and the tenant and the government should be at "arms length" from the tenant. The government role is to "guarantee" that the landlord has sufficient potential revenue to

‘service any debt and provide a return on investment and thereby enable reasonably priced project financing. The government does not have to be involved in the day to day property management, and the use of an “Rental Guarantee Agreement” is an approach to achieving this objective.

With a Rental Guarantee Agreement the government:

- arranges to acquire housing units over a specified term (maybe short term or up to 20 years)
- establishes the rents to be charged to tenants
- identifies eligible tenants to the landlord
- pays rent on vacant units when there are no eligible tenants.
- pays the difference between the guaranteed rent and the tenant rent.

The Landlord:

- screens and accepts tenant candidates identified by the government
- collects and administers security deposits
- handles move-ins and move-outs
- collects the rents and handles all tenant relations
- operates and maintains the property
- invoices the government for any shortfall between economic rent and the tenant’s rent, and for vacant units
- is responsible for unpaid tenant rent and tenant damage collection

Rental guarantee arrangements are more likely to be effective if all government housing within the community is managed the same way. These arrangements are more likely to succeed in regional centres where housing owners are knowledgeable and have landlord experience. From the tenant’s perspective, the arrangement is less desirable than the conventional government staff housing program in that security deposits are collected and rent is payable monthly in advance. However, there are advantages to tenants in that tenant issues can be more effectively promoted where the tenant has control over the payment of rent.

5. Contracted Property Management

Where conventional leases are used in lieu of rental guarantees, the government may contract for the property management services. The contractor provides the same services as the landlord for an rental guarantee agreement and compensation would be a percentage of the rents collected. This type of contract may be used for housing owned or leased by the government and effectively puts the government at “arms length” from the housing tenants. It is not as effective as the rental guarantee in moving towards a private market because the landlord still has a relatively “care-free” lease and does not have the incentive to manage the property as efficiently as possible.

This approach is most suitable where there is already a number of leased housing units and the leases require property management to be provided by the government.

6. General:

There are general practices which facilitate the move to private markets:

- a) **Rent Collections:** Both the rental guarantee and contracted property management approaches require the tenant to pay rent directly to the landlord or property manager, monthly, as opposed to having automatic payroll deductions. This is the only method used on a private market.
- b) **Rent Timing:** Rents are paid monthly, in advance. ie. rents are paid on the first of the month rather than at the end of the month as in GNWT payroll deductions.
- c) **Damage Deposits:** The tenant places a refundable deposit at occupancy. The deposit may be paid over a period of months to avoid the hardship of paying both rent and deposit at occupancy.
- d) **Furniture:** Rental accommodation may be supplied only with the usual appliances (refrigerator and range) with the tenant supplying all other furniture. This may be privately owned furniture or furniture rented from the landlord or other agency. Current GNWT policy provides GNWT owned furniture at a nominal monthly rental.
- e) **Rent Scale:** In many communities, the full cost of housing may exceed the tenant's ability to pay and some subsidy programs are required. These programs should be structured so that the tenant does have some incentive to reduce costs. For example;

the rent should vary according to the size and type of unit. A good mix must be available to rent.

user pay utilities, aided with utility subsidy programs

damages are the responsibility of the tenant.

- f) **Options to Purchase:** The government may structure long term leases and rental guarantee agreements for single and multi-family housing to permit purchase options by the tenants. This approach is particularly suitable for duplexes and rowhouse type multi-family units provided that future private ownership of individual units is considered when selecting land, designing the building and utility services, placing the financing and structuring the lease agreements.

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