

Consultation on Housing Renovation Programs

S U M M A R Y R E P O R T

CMHC Employee Consultation

December 2002

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A. INTRODUCTION

In the summer of 2002, Canada Mortgage and Housing Corporation, in co-operation with the provinces and territories, undertook a public consultation on the future of the federal government's housing renovation programs. The consultation involved discussions with Canadians on their views on the effectiveness of the renovation programs and their ideas on how the programs could be improved.

CMHC employees were also invited to share their views on the issues raised in the consultation document.

This paper provides a summary of the input received from CMHC employees. Separate consultation processes were held in each Region and at National Office. Input was received through individual responses, focus groups and meetings of functional and business teams.

B. BACKGROUND

The Residential Rehabilitation Assistance Program (RRAP) has been an integral part of housing policy in Canada since the early 1970s. RRAP provides financial assistance to ensure existing housing meets basic health and safety standards. In doing so, RRAP has helped to preserve and expand the supply of affordable housing, improve the quality of life in communities and create employment.

RRAP has been modified and expanded over the years to meet the repair needs of rental housing and rooming houses and to improve housing accessibility for persons with disabilities. As well, new programs such as the Emergency Repair Program (ERP), Home Adaptations for Seniors' Independence (HASI) and the Shelter Enhancement Program (SEP) have been added to complete a "RRAP family" of renovation programs. In Newfoundland, New Brunswick and Quebec, federal funding is used for certain provincial housing renovation programs with objectives compatible with the federal programs.

Over the years, these renovation programs have been increasingly focused on those in greatest need of assistance. Since 1986, RRAP, ERP and HASI have been targeted to households with incomes below the income thresholds used to determine eligibility for social housing. In 1999, as part of the Government of Canada's \$753 million initiative to address homelessness, RRAP for the conversion of non-residential buildings to affordable housing was introduced, and SEP was expanded to include youth victimized by family violence.

RRAP funding for Indian Reserves has continued as part of the 1996 On-Reserve Housing policy. In recognition of the significant housing repair needs on Reserves, a total of \$7.5 million is provided annually in addition to Department of Indian Affairs and Northern Development (DIAND) housing funding . CMHC RRAP funding for Reserves was increased by \$7 million per year for four years as part of the initiative on homelessness.

A five year, \$250 million extension of the renovation programs was announced in 1998, and a further \$311 million for the programs including SEP was announced over four years as part of the homelessness initiative in 1999. This funding is scheduled to expire at the end of March 2003.

Along with the public consultation process, CMHC has also conducted an evaluation of RRAP to determine if the program has been effective in achieving its stated objectives. The combined results of the program evaluation and the public consultation are providing a basis for discussions on the future of the RRAP family of programs beyond March 2003.

Consultation Results

C. GENERAL QUESTIONS ABOUT RENOVATION PROGRAMS

CI. Need for Housing Renovation Assistance :

a) Is there a continuing need for government housing renovation and modification assistance? b) What are the main factors that will influence needs in the future?

CMHC employees unanimously stated that there was a continuing need for government assistance. The programs were seen as a means of ensuring that stock affordable to low-income households met health and safety standards.

An important factor was a perceived increase in the low-income population unable to afford the costs of necessary renovations. This was seen to be due to factors such as the aging of the population, leading to more people on fixed incomes and physically unable to undertake renovations themselves, changes in household and family structures, high unemployment rates, continued cutbacks in social assistance programs and an increasing homelessness population. In addition, increases in the cost of living and especially in renovation costs were greater than income increases for the likely renovation program client group. Similarly, the number of persons with disabilities was expected to rise over time, in part due to the aging of the population. Also coupled with the aging of the population was an increased tendency for seniors to remain in their own homes, which would lead to a greater need for modifications to allow for aging in place. Environmental issues, such as the need for greater energy efficiency in the housing stock, were also seen by many as an important factor.

There were also a number of reasons given for a continued need with respect to the Aboriginal population, including high population growth, high unemployment rates, health issues such as high rates of diabetes, and extensive overcrowding leading to more rapid housing stock deterioration than elsewhere.

The structure of the housing stock was also considered important, as the stock is aging. It was felt that much of the rental stock was reaching the end of its useful economic life.

C2. Array of Programs

a) Are there needy clients or needs which are not being served by the current array of programs? b) Should the programs be expanded to include these groups/needs? What would be the rationale?

Staff were in agreement that there were needy clients or needs not being served by the current programs.

One group mentioned often was households or families accommodating an elderly parent or family member, such as a child or adult child with a disability. It was felt that renovations and modifications offered a more cost-effective solution than institutionalized care and were becoming increasingly necessary due to the closure of many facilities. Many of these households could not afford nursing home costs. At present, many of these households were excluded because of income criteria. Staff felt that only the income of the beneficiary should be taken into account in determining program benefits.

Another group was households, such as the working poor, with incomes just above the income thresholds. It was felt that these households often had additional expenses not borne by non-working low-income households with incomes just above the income thresholds.

One group also mentioned multi-generational families whose total combined incomes were not sufficient to finance repairs on their own.

Staff also felt that certain groups currently eligible were not being adequately served due to program parameters: for example, households with very low income could not afford repayable loans and, in areas such as First Nation communities, repair costs exceeded program loan limits.

A number of other groups or needs were mentioned, less frequently. They included group homes for persons with disabilities, Aboriginal youth living off-reserve to attend school, energy efficiency, rural and remote communities under served because of program delivery difficulties, legal suites, and a universal ERP program (ie, all urban and rural areas). Also, a number of staff felt there was a need to expand SEP to include shelters for homeless men, delinquent or homeless youth, pregnant teens, men who were victims of family violence, or, in general, clients in difficulty due to disabilities or addictions.

C3. Program Demand

a) Are you aware of waiting lists for renovation programs in your area? If yes, which program components? b) What criteria should be used to determine who is served first?

- a) Most staff indicated that there were waiting lists or excess demand in their area. All programs were cited; those most often were Homeowner RRAP, the on-reserve programs, and ERP.
- b) With respect to prioritizing demand, the approach mentioned most often was first come, first served, with no waiting lists. This was considered as a fair method. One variant of this was a portion of the budget allocated in this manner, i.e. chronologically, with another portion allocated according to worst first.

Other staff suggested various prioritization criteria, either singly, in combination or some sequence. These included emergency situations, occupant health and safety, need and ability to pay, adjusted income, shelter costs as a proportion of total household, household type, such as single-parent families with children, seniors, or households with persons with disabilities, and type of repair. One participant suggested a point system to determine need. One group felt that budgets should be increased to meet need.

C4. Targeting Program Assistance

a) Should renovation program assistance continue to be targeted?

b) If so, what should be the means to ensure effective targeting?

- a) Employees almost unanimously agreed that program assistance should continue to be targeted.
- b) There were a number of suggestions for adjustments to the current approach to targeting. There were a number of suggestions for revisions to the thresholds: a few participants felt the thresholds should be raised; another noted that the CNIT (core need income threshold) formula did not work well in the north, as it was based on rental markets; others felt that adjustments had to be made to accommodate households with incomes at or just above the CNIT, or adjustments should be made to recognize household expenses. For example, one group felt there was a need to adjust the calculation of income to achieve equity in the treatment of working poor and households on social assistance, as the working poor paid for a number of expenses covered by social assistance programs. One group felt that the income limits should be based on actual renovation costs, rather than on average market rents. Some groups felt that a different income threshold formula needed to be developed for RRAP for Persons with Disabilities; there was also a suggestion to lower the HASI age eligibility criterion to 55 or 60. One participant felt that given the extent of overcrowding on reserves, only the income of the principal household, rather than that of all households in the unit, should be considered.

There were a few suggestions for geographic targeting: targeting to areas where shelters could be modified or enhanced, or to areas of older housing.

Along the lines of effectiveness, there were also suggestions to increase the maximum forgiveness to ensure clients in need were fully served.

Also, there were a number of suggestions to the effect that CMHC should work more closely with social agencies and promote the renovation programs through these agencies, to ensure the programs were promoted to households in need.

C5. Income Limits

How should income limits for renovation programs be determined? Why?

Many participants felt that the present approach based on core need income thresholds was appropriate, as low-income households were the program target group and the thresholds were sensitive to local housing costs.

There were, nonetheless, many suggestions for changes to the thresholds or the calculation of incomes. A few participants wanted thresholds to be increased; there were suggestions that the limits should be greater than government transfer programs (e.g., OAS and GIS), or should be set at the StatsCan LICO (low income cut-off) levels or reflect average incomes for the area. One participant recommended that the bedroom count be increased to accommodate larger families; another suggested different levels by program. Others recommended that various household expenses be taken into consideration to recognize such factors as children, higher costs in far northern areas or high cost areas, differing tax burdens across the country, higher expenses for persons with disabilities, expenses encountered by the working poor, or the higher costs incurred by homeowners as opposed to households in social housing. A few participants questioned the use of income thresholds based on rental market or social housing criteria. A number wished the income limits to determine affordability for renovation programs to be tied to renovation costs rather than rental market information. Finally, there was the suggestion that the core need concept was not relevant in the case of seniors.

In addition to comments on the thresholds, a few participants recommended that the forgiveness levels be increased or made fully forgivable below the threshold and that some program assistance should be made available above the threshold as well.

C6. Alternatives to Direct Public Funding

How could governments enable more homeowners and landlords to access funding for housing repairs and improvements without direct public financing?

Participants provided a wide range of responses to this question. Suggestions included expanding CMHC's Direct Lending Program to allow homeowners and landlords to access loans at lower interest rates; adjustments to mortgage insurance to provide incentives for lenders to provide low or zero interest rate loans to serve high risk clients or to provide loans based on the client's ability to pay; and various tax measures including GST rebates, making repair costs tax deductible, allowing the use of RRSP funds for renovations with no tax penalty, or initiating an RRSP-type program to finance residential repairs.

Other suggestions mentioned less frequently included providing CMHC renovation information free to program clients, establishing renovation co-operatives or forming partnerships to purchase material in bulk, linking residential construction trade training with the renovation programs, initiating fund raising campaigns like Habitat for Humanity, and creating a renovation bond, to raise low-cost funds for housing rehabilitation work.

In addition, a number of participants noted that it was not possible to eliminate the need for direct public funding to help needy households.

C7. Overall Adequacy of Program Funding

a) What do you believe would be an appropriate level of annual funding for the programs? and b) Why do you think this would be justified?

- a) A number of participants wanted funding to continue at the level which was more than doubled in 1998. Others felt that budgets should be increased, either overall or for individual program components. There was a suggestion that the overall budget be increased from some \$140 million to \$150 million annually. Others recommended the homeowner and persons with disabilities component alone be increased to \$150 million. Increases were also suggested for HASI, Conversion, Rental and Rooming House RRAP and SEP. One group recommended that the budget for On-Reserve RRAP on reserve be increased to allow for a measured level of housing improvement.

In addition, a number of participants recommended greater flexibility to allow for budget transfers across program lines. One group suggested the creation of a separate budget line for RRAP D on-reserve. Finally, it was noted that it had not been possible to use the increased on-reserve SEP budget effectively, because of the lack of an increase to DIAND operating funds.

- b) Respondents provided a range of reasons for increased budget levels. They included the high level of demand that current budgets were unable to meet, the ability to serve more households, contingencies that would arise during the delivery year, higher forgivable maxima to truly serve needy households, higher conversion maxima and higher budgets to create more affordable units in tight markets and to counter the end of provincial programs, an aging population requiring more modifications, increasing repair costs, combating homelessness and the need for more SEP projects, including transitional homes.

C8. Allocations by Renovation Program Component

a) How should funding for the renovation programs be allocated to individual off-reserve program components? b) What is the rationale for your suggestion?

A number of participants felt that the current allocation method was appropriate. Others suggested that allocations should be based on housing need data; there was the recommendation that the need data be as up to date as possible to better reflect the shift in needs geographically. Other suggestions included basing allocations on regional affordability, regional waiting lists, or a five-year analysis of how funds had been spent. One participant suggested that more attention had to be paid to rural and remote areas.

There were also a few suggestions for increased budget levels: ERP should be increased and made universal as there was need for the program everywhere; Conversion RRAP should be increased as it was a cost-effective way to create more social housing units; on-reserve budgets should be increased to address the backlog of need and bring on-reserve standards up to Canadian ones. A couple of participants recommended higher HASI limits of \$4000 and \$5000. There was a suggestion that HASI be eliminated in urban areas.

Finally, a number of participants recommended greater budget flexibility to move funds across program lines. One group suggested that reallocation authority should rest with the official with spending authority for those budgets. One participant suggested a single global budget, as opposed to allocations by program.

C9. Allocations by Jurisdiction

a) Is this basis for the allocation of funding appropriate? b) If not, what should it be and why?

The majority of respondents felt that the current methodology was appropriate. A number of participants noted that the use of 1991 census data was inappropriate as it did not reflect the shift in needs since then; hence, there was a requirement to base the allocation on current data. One participant felt that population data skewed the allocation to the larger jurisdictions. Some participants felt that the federal allocation should take account of the presence and extent of provincial or territorial funding and be adjusted accordingly.

C10. Administration of Renovation Programs

How could the administration of the renovation programs be improved? Please indicate if your comments relate to certain renovation programs or all of them.

Staff provided a great many comments. The majority related to the program delivery and administrative process. There was a general feeling that the process was too long and cumbersome, was out of proportion with the size of the loans and hence, needed to be streamlined. One group suggested that the process for RRAP be more like the HASI process. There were a number of suggestions about automating the system, with forms available through the CMHC Web site, or, creating an emili-type approval system by providing agents with access to PDS (Program Delivery System). Other suggestions included greater use of the telephone to better pre-screen applicants, requiring only one estimate per loan for all programs, more monitoring and fewer administrative steps, and performing inspections on only a sample of units, with unit renovation costs as one determining criterion. On the other hand, one group argued that there was a need for more inspections and CMHC control, to counter client complaints about poor work. Along the same

lines, it was recommended that a list of reputable contractors be developed, in partnership with home builders associations, and made available to program clients. This would address the issue of contractors taking advantage of HASI clients. A few participants felt that CMHC should inspect provincial or territorial delivered work quarterly, to ensure program objectives were being met.

With respect to delivery agents, one group felt that there was a need for more agents. There was also a call for more agent training and better communication with agents of program objectives and guidelines. One participant felt that partial fees should be paid when applications did not proceed because of extenuating circumstances. On the other hand, some participants suggested that a cost comparison be done between agent and CMHC direct delivery.

There was a call for early promulgation of budgets, a recommendation that a single income point, rather than varying thresholds based on local market conditions, be used to access full forgiveness, thereby reducing administrative costs, and that program guidelines such include specifications dealing with healthy housing, coastal climate factors and mold prevention, and clearer guidelines for ventilation improvements.

C11. Other General Comments on Renovation Programs

Some comments received related to program parameters and policies: there should be a separate budget allocation for non-profit clients under the various rental programs; it should be possible to use Conversion RRAP funds as equity for groups wishing to develop housing projects; any funds not used to meet off-reserve Aboriginal targets should be shifted on-reserve; repayable loan criteria should be adjusted to better reflect the social housing nature of the renovation programs.

Other comments reflected concerns about the delivery process: there was a need for more realistic start and completion of work deadlines; there was a need to improve client information to assist in contacting the appropriate person in the case of loan default; more monitoring was required to ensure quality of delivery and to prevent fraud; better use should be made of the CMHC Web site to provide information to applicants; there was a need for CMHC in-house technical resources to review files and provide consistent guidance to the Field; on-reserve loans under \$25,000 should be secured by promissory notes, rather than a ministerial guarantee, to harmonize the on and off

reserve processes; and, there was a need to be better able to manage the network of delivery agents. One group recommended a streamlined self-assessment vehicle to provide interested clients with a notion as to whether or not they were eligible.

With respect to process and system issues, it was suggested that the problem stemmed in part from the on-again, off-again status of the program and a permanent funding commitment would allow for the development of enhanced systems.

D. QUESTIONS ABOUT RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP) OFF-RESERVE

The structure of the summary paper matches that of the consultation paper and hence there is no section D1, as no questions were raised in the consultation paper at D1.

D2. General Questions About RRAP

D2.1. Assistance Levels

a) Are RRAP assistance levels currently adequate to address program objectives related to basic standards, affordable housing and accessibility? b) If not, what should assistance levels be (please provide examples to support your case if possible)?

A very large majority of participants stated that the current assistance levels were inadequate. One point raised frequently was that low-income households could not assume a repayable loan. Hence, the use of the forgiveness scale acted as a barrier to program participation. In addition, landlords receive 100 per cent forgiveness. Given this, participants suggested that the repayable loan or the forgiveness scale be eliminated or the forgiveness level increased for lower-income households.

It was also noted that program maxima did not reflect actual renovation costs; for example, one group argued that major renovations could cost upwards of \$35,000, well above the RRAP loan maximum; others noted that the Conversion RRAP amount was insufficient as compared to actual costs. Participants suggested that current construction costs, including labour costs, be reviewed by zone and adjusted accordingly. HASI should also be increased to reflect higher costs.

D2.2. RRAP Zones

a) Do RRAP zones and related variations in program funding levels accurately reflect differences in costs and needs? b) If not, how should they be changed and why?

Opinion was basically evenly divided on this question. Those who felt that the current system needed to be revised noted such points as program maxima were not high enough and should be adjusted to reflect actual renovation costs, and regional differences should be taken into account as well (e.g., urban centres). One participant wanted zones to be eliminated; others wanted the program to be based on actual costs, case-by-case, to bring units up to standard.

D2.3. Focus on Health and Safety Items as Eligible Repairs

a) Should RRAP continue to focus primarily on addressing health and safety issues? b) If not, what should be the other priorities? Why?

Most respondents agreed that the focus of RRAP should continue to be on health and safety issues. One group said that clients should assume responsibility for non-mandatory items; another felt that other options, such as bank loans, could finance repairs not targeted by RRAP. One group that agreed suggested that more program flexibility be applied to mandatory items to allow the most critical items to be handled within the forgiveness amount. Another group felt there was a need for flexibility to address immediate risks to occupants; health and safety issues were primary concerns, followed by ensuring the house was suitable for occupancy for an additional 15 years.

There were a number of suggestions for additional items, including energy efficiency, indoor air quality, personal safety, legal secondary suites, environmental property clean-up by the homeowner, the replacement of old oil tanks, and off-grid housing in the north, like the CMHC Eagle Lake Healthy Housing project.

D2.4. Awareness of RRAP

a) Is awareness of RRAP a problem, and if so, to which program components does this apply ? b) How could the availability of RRAP be better communicated to potential clients?

A majority of respondents felt that awareness was an issue, although it was recognized that higher visibility would lead to increased demands on the program and hence the need for a larger budget to meet demand and more staff to handle increased volumes. One concern was that households in greatest need might not be aware of the program.

There were a number of suggestions for enhancing awareness including more outreach to and partnering with other groups and agencies, such as federal MPs, Health Canada, HRDC, municipalities, hospitals and doctors' offices, social workers, employment offices, lenders, and other stakeholder groups; direct mailings to households on social assistance; improved CMHC

web site navigation to RRAP information and better linkages between the CMHC site and other relevant sites, such as Health Canada's; community seminars; and more general advertising. One group recommended advertising in the telephone book close to the government blue pages. There were a number of suggestions for a dedicated communications officer to be attached to the RRAP team or Marketing and Communications input on the question.

D2.5. Other comments on the Residential Rehabilitation Assistance Program.

Few additional comments were provided. Once again, the point was raised that flexibility should be provided with respect to mandatory repairs so that essential repairs could be covered by the forgivable loan. There was a concern that programs were not be delivered consistently across the country. There was a suggestion that all loans should be monitored, not just a sample, and better monitoring was required to ensure client compliance to program requirements. Also, it was recommended that staffing standards be reviewed to allow for higher staffing levels to ensure better client service. Finally, it was suggested that if CMHC could not help a client financially then it should offer some assistance through information and research products.

D.3 Homeowner RRAP

D3.1. House Value Thresholds

a) Are House Value Thresholds (HVTs) a good way to ensure targeting of RRAP assistance? b) How could this be improved (please provide examples or information, if available, to support your case)?

Opinion was relatively divided on this point. Some felt that house value thresholds were an effective targeting and prioritization mechanism and that owners could borrow against equity to undertake renovations.

A number of recommendations were made with respect to the current HVTs: there was a need to revise them consistently across the country- in order to do this, AHD should establish its own in-house capacity; HVTs should be increased in high priced market areas such as the BC lower mainland, Toronto and Ottawa; the thresholds should be based on average local market sale prices; the thresholds should be based solely on building value, ie, excluding the value of the land.

One issue raised often was the situation of low-income households living in more expensive homes. This was often the result of shifts in the market rather than changes in their individual circumstances. This was felt by one group to be a serious issue that might justify eliminating the use of house value thresholds. One suggested response was to adjust the house value to reflect length of residency.

There were also a few comments to the effect house value thresholds should be higher for RRAP for Persons with Disabilities.

D3.2. Client Ability to Repay Loans

a) Do the current loan repayment requirements mean that some people are unable to participate in RRAP or afford to pay back the loans? b) What should be done to help those who cannot pay whatsoever, as well as those who could pay but cannot afford the full payment?

All respondents agreed that the current requirements acted as a barrier to accessing program assistance, although there was a recognized need for program parameters. A wide range of suggestions were made to address this situation: low or zero interest loans, CMHC direct loans, longer amortization periods, provide ERP to RRAP clients unable to take on a repayable loan, relax criteria relating to mandatory repairs and the extension of useful building life to allow the forgivable loan to cover a greater portion of the repair costs; recover the repayable loan only upon sale of the dwelling. Many ideas also dealt directly with the forgiveness scale itself; forgiveness levels should be increased to cover all mandatory work; loans should be fully forgiven below income thresholds; provide a fully forgivable loan to households unable to make loan repayments.

D3.3. Aboriginal Targets

a) Is the current target for Aboriginal participation in Homeowner RRAP appropriate (and if not, why)? b) How can the Aboriginal targets for the program be better achieved?

A majority of participants felt that the current target was not appropriate. It was felt that the targets were seldom met because they were too high and not realistic; there were few Aboriginal

clients; many clients did not want to declare their Aboriginal status; and many off-reserve Aboriginal households were renters and not homeowners. On the other hand, one group felt that the targets were appropriate in their jurisdiction.

A number of suggestions were made as adjustments to current target levels. These included revising the targets based on core need data nationally and by jurisdictions; basing the targets on actual off-reserve Aboriginal need; reducing the targets; eliminating the targets, but giving priority to Aboriginal applicants or allowing Aboriginal delivery agents to represent this client group; in assessing target achievement, taking into account Aboriginal clients served across all RRAP components, including rental; doing more research on appropriate targets.

Many participants also felt it important to advertise the program better to Aboriginal clients, by targeting Aboriginal stakeholder groups and accessing Aboriginal media. There was also the suggestion that on-reserve agents be used to deliver to off-reserve Aboriginal households.

D3.4 Geographic Targeting

a) Should RRAP be more closely targeted to “pockets” or areas of need or to achieve broader public policy aims? b) If yes, why and how should this be done?

The majority of respondents felt that the program should not be targeted to specific areas, but should remain universally available. One group mentioned the need for more timely needs data to ensure allocations reflected need distributions. There was a recognition by some that flexibility was required to allow for differences across jurisdictions or to allow for provincial planning objectives. One group wished the program to remain universal but still felt that a greater emphasis should be placed on rural and remote delivery as it was difficult to obtain alternative funding in those areas.

Those who supported the idea of targeting felt that program concentration could achieve positive visibility and community revitalization could stimulate the inflow of private investment in given neighbourhoods. Targeting could be done in conjunction with municipalities, who might share some costs. One group felt that targeting was more appropriate with Rental and Conversion RRAP, by way of a nationwide proposal call for major city centres.

D3.5 Other comments on Homeowner RRAP

One group stated that changes had to be made to the program to serve clients in greatest need. The forgiveness scale caused many applications to be canceled as clients could not afford the repayable portion. Hence, clients should receive full forgiveness.

Another group noted that closer inspection and monitoring were required to guard against fraud and all work should be inspected before releasing funds to protect clients against poor repairs. Also, there was the suggestion that the program should allow for cases, such as Habitat for Humanity, where free labour was provided to eligible clients.

Another group noted that the program design left many RRAP clients, who are of low income with high debt levels. CMHC should adjust loan interest rates when market rates decline. Also, CMHC interest rate policy is stricter with respect to RRAP loan defaults than MIF insured loan defaults and so adjustments should be made.

One group recommended that partial RRAP be permitted where repairs materially extend the utility of the house for current occupants by 15 years, and provided all repairs essential for medium term health and safety are addressed.

D4. RRAP for Persons with Disabilities

D4.1. Income Testing

What should be the formula for determining income eligibility limits for RRAP for Persons with Disabilities, and why?

All respondents felt that there was a need for adjustments to program parameters to recognize the circumstances faced by clients with disabilities. Some stated that the income limit should remain the same, but there should be deductions from client income to recognize legitimate expenses associated with the disability. One group suggested that the program income calculation should be in line with the practice under other federal programs, e.g., CCRA (Canada Customs and Revenue Agency). Others felt that client eligibility should be based on disposable income. One group argued that where caregivers live with the person with disability, only the latter's income should be considered in the calculation of household income.

Others suggested that the income threshold should be adjusted to reflect higher costs associated with a disability. One suggestion was to base the threshold on actual construction costs of new units and not market rents as accessible rental units were scarce. One participant felt that CMHC should consult with disability stakeholder groups in establishing income thresholds.

Finally, one participant felt that priority should be given to this client group.

D4.2 Modification Priorities

How could the list of eligible modification items for RRAP for Persons with Disabilities be more effective, while continuing the focus on housing? What would be the rationale for any additions?

A significant portion of participants felt that the current list was appropriate, especially as it provides for flexibility. Other respondents made suggestions for additional items; they included: jet tubs where medically necessary; non-permanent items that added to client mobility; accessible deck or landscaping as alternatives to ramps; fences in the case of children with disabilities or Alzheimer patients; an addition to accommodate a permanent caregiver; and items not covered under medical plans.

D4.3. New Construction

What would be the rationale for allowing RRAP for Persons with Disabilities to be used for new construction?

A majority of respondents agreed with extending the program to new construction. One group of respondents felt that the program extension was justified, if various criteria were met, such as the new unit would accommodate a person with disabilities, it was more cost-effective to do the modifications then rather than later, and the LTV was greater than 95% or the debt service ratio was extreme. Another group felt that given it was more cost-effective to adapt the unit during construction, then the program could be extended to qualified applicants. Others felt that the program should only cover the marginal costs or should be limited to very specific items.

Others felt that extending the program to new construction made sense as it was far cheaper to modify during construction than afterwards (2% additional costs as opposed to 20-30%), it would help meet CMHC's objective of adding to the stock of accessible units, including rental units, and it would promote the concept of flex housing to developers.

For those who were not in favour of the extension, It was felt that households that could afford to build a new house could also afford the modifications, since the marginal costs were not great. Another participant said that CMHC's mortgage insurance programs could address this situation. Others felt that the issue should be addressed by the building code.

D4.4. Stacking on Homeowner RRAP

What is the best way of ensuring that minimum health and safety standards are addressed for clients of RRAP for Persons with Disabilities?

Staff offered a number of suggestions to address this issue. One group felt that the RRAP for Persons with Disabilities should be delivered independently of Homeowner RRAP; i.e., CMHC would counsel the applicant about health and safety issues, but the client could proceed with modifications even if there were outstanding health and safety repairs. It was felt that this approach both addressed the client's needs and reflected a shift in CMHC's mandate from ensuring conformity to standards to providing advice and guidance. Another group also recommending decoupling the two programs, unless repairs to be done under the homeowner component were of an immediate health and safety concern or could not be ignored over the medium term.

Other participants suggested that the forgivable amount under RRAP for Persons with Disabilities should be increased, either by making the loan fully forgivable when the two programs were combined, increasing the forgiveness levels, increasing the forgiveness thresholds, eliminating the sliding scale, or making the loan fully forgivable. Other recommendations included increasing the loan amount, extending the amortization period, and offering repayable loans at lower-interest rates.

D4.5. Other comments on RRAP for Persons with Disabilities

One group reiterated its recommendation that Homeowner RRAP and RRAP for Persons with Disabilities should not be linked, as with the current approach many persons with disabilities were not being helped. Others suggested that the calculation of household income had to be adjusted so as not to exclude needy households. Similarly, it was felt that the MMR criteria should not be applied in the case of rental units, as accessible rental units might command a higher rent and the household living in the unit was truly in need. Others recommended better co-ordination between the program and other agencies and programs targeting persons with disabilities. There was also a suggestion that occupational therapists become part of the delivery process to ensure proper modifications were made. Another participant suggested that the program also allow for applications where the repairs had been done, because of need, before the application was submitted. Finally, it was noted that persons with disabilities needed help and should receive priority treatment.

D5. Rental and Rooming House RRAP**D5.1. Program Take-up****What are the constraints to program take-up and how could they be eased or eliminated?**

A number of participants felt that there was not a problem with program take-up, rather the problem was a lack of program budget, which increased the administrative burden. Hence, there were recommendations for more program funding.

With respect to impediments, the one mentioned most often was the need for completed tenant declarations, which was problematic for both landlords and tenants. One group suggested that this be eliminated or have tenants provide their declarations directly to CMHC rather than to the landlord. Other impediments identified included the lengthy application process, rent controls, moratorium on sale of the building and postponement clauses. One group recommended that CMHC should ensure that rent increases were within provincial guidelines.

With respect to changes, one group recommended that the program be expanded to include subsidized non-profits with unfunded replacement reserves and allowing, under Rental RRAP for Persons with Disabilities, for landlords to rent to relatives where an arm's-length relationship existed. Others suggested additional incentives to landlords such as allowing for an increased profit margin.

D5.2. Homelessness

a) Is Rental and Rooming House RRAP an effective way to provide longer-term housing for people at risk of homelessness? b) How could the program be more effective in addressing priority needs?

A majority of respondents said that the program was effective. A number of suggestions were made to increase its effectiveness: increase funding levels as current levels could not make a significant difference, partner with municipalities and provinces to help non-profit groups take over redundant properties that could be modified into residential projects, provide funds to non-profit groups to provide housing for the homeless, allow provincially subsidized non-profits to apply, expand the program to include all emergency shelters (not just those helping victims of family violence), and concentrate program targeting on shelters and rooming houses.

Those who felt the program was not that effective noted that homelessness was an issue that went far beyond housing, that a rental program did little to help the homeless who could not afford rents and hence funding should be shifted into SEP or a separate program should be developed for shelters and low-income housing.

D5.3. Assistance Levels

a) Are Rental and Rooming House RRAP assistance levels sufficient to ensure affordable housing? b) If not, what should they be?

A majority of respondents felt that the assistance levels were adequate. One group mentioned that it had never been an issue in their region. Those who felt otherwise mentioned that repair costs can be greater than loan maxima and that the program did not ensure that the unit was affordable to the tenant. One participant suggested that CMHC should seek out partnerships with other funding sources. With respect to loan maxima, there was a suggestion that the rental maximum should be reduced; others felt the rooming house limit should be the same as the rental level.

D5.4. Other comments on Rental and Rooming House RRAP

One group said that the program was not well known and that it should be made obligatory for all substandard buildings.

D6. Conversion RRAP

D6.1. Adequacy of Assistance Level

a) Are the current Conversion RRAP maximum assistance levels sufficient to produce affordable rental units? b) If not, what should the assistance levels be?

Most respondents felt that the levels were not sufficient, and they did not reflect true conversion costs or were not adequate to arrive at median market rent levels. One group thought they were but recommended increased budget levels to increase the number of new units being produced.

Various recommendations were made regarding the assistance level: base it on a cost analysis, raise the levels (one suggestion was \$36,000 per unit, with a landlord contribution), have no maximum, base it on the level on average costs and median rents to ensure project viability, or provide a contribution that would ensure lower market rents (this would vary by region). One participant suggesting raising the level for a set time period to gauge industry interest.

D6.2. Homelessness

a) Is Conversion RRAP a cost-effective way to provide affordable accommodation for homeless people and people at risk of homelessness? b) If not, how could cost-effectiveness and targeting be improved?

Opinion was evenly divided on this issue. One group that felt the program did achieve this objective still felt that there needed to be sufficient funds available to ensure enough new units were added to have an impact on the housing situation.

There were a number of suggestions as to how the program could be improved. A number of participants suggested enhanced partnering with provinces, municipalities, other federal departments, social service and non-profit groups and other funding partners to enhance the process and provide more units. Other ideas included considering developing basement apartments, as they were less expensive to develop than new units, permitting secondary suites, expanding the program to include student housing, and allowing conversion dollars to be transferred to SEP, as both programs served the same clientele.

D6.3. Availability of Buildings for Conversion

a) What are the constraints to take-up of Conversion RRAP and how could they be reduced or eliminated? b) What other types of buildings should be eligible for conversion?

A number of constraints were identified by staff. Those mentioned most often are zoning issues and costs of rezoning. Other barriers were the fact that suitable buildings were not necessarily available everywhere and it might not be cost-effective to convert those that were; applications were being submitted for large projects that current funding levels could not accommodate; and there was a lack of funding. Other impediments included the eligible building criteria, the level of assistance, and municipal approval processes.

There were a number of recommendations for improvement. Participants felt that the type of eligible building should be expanded to include vacant military accommodation, hotels, motels, hospitals and nursing homes that had been shut down. One suggestion was to allow for the conversion of existing residential projects, for example the conversion of a vacant public housing seniors project into affordable family rental accommodation. One participant suggested any building should be eligible for conversion as long as residential units were produced. Others recommended the creation of legal basement suites or the division of larger existing homes into multi-unit projects. To overcome the issue of large project submissions, one group suggested that the program be targeted to smaller projects, including group homes for the disabled, garden suites and basement apartments. One participant recommended that program funding be used as equity for groups wishing to build on parking lots. Finally, there was the idea that properties identified by the local housing planning committee had a greater chance of being approved for conversion.

D6.4 Other comments on Conversion RRAP

One group reiterated its comments that the program should perhaps be targeted to smaller sized projects and that the conversion of space in existing residential buildings should be permitted under the program.

E. QUESTIONS ABOUT RRAP ON INDIAN RESERVES

EI. Relevance of RRAP to Reserves

a) Is there a need for a redesigned RRAP on reserves with different program parameters? b) If so, what should be changed and why?

Respondents felt that changes were required to the on-reserve program. Basically, this related to the higher level of need, the poorer condition of housing units on-reserve and on-reserve demographics. One group felt the program had been designed for off-reserve circumstances and did not adequately address on-reserve needs.

A range of suggestions for change were made. Although not strictly linked to program design, it was recommended by teams and individuals that budget levels needed to be increased. One participant argued this was needed to bring housing conditions on reserve in line with those in the rest of the country. One group recommended the introduction of a rental program on reserve as some households were repaying homeowner loans for units they did not own. Similarly, another group felt that income limits should not be applied on reserve, as units were owned by the band and there was no ‘windfall’ profit to be made. Another group felt there was a need for an ERP-type program on reserve, to address immediate health and safety issues, until a more longer term solution could be found. One group felt that greater flexibility be provided First Nations to make program decisions, including the extent of repair work per unit. This would allow the community to provide assistance to more units.

There were a number of suggestions to expand the current program: Section 95 units should be eligible for Homeowner RRAP funding, as often \$3000-\$4000 of repairs could save a Section 95 unit or Homeowner RRAP funding could offset the costs of extensions to Section 95 projects to help alleviate overcrowding; there was a need to address mold problems on reserve, to upgrade insulation, and in remote First Nation communities, a need to allow sprinkler systems in communities without adequate fire protection. Also, participants recommended higher loan and forgiveness levels, to address higher average repair costs on-reserve and ensure complete renovations were carried out. It was felt that many First Nations did not have the funds to piggy-back their own

resources onto RRAP. This situation would either lead to partial RRAP or funding going to units that required fewer repairs. One group suggested that there be no repayable loan limit. Another participant recommended closer coordination between CMHC and DIAND to counter partial repair issues. It was felt that interest rates on repayable loans on-reserve should be similar to CMHC direct lending rates.

Participants also made a number of recommendations dealing with delivery and administrative processes: the paperwork should be streamlined, and the process made less onerous, with fewer steps but more monitoring; more flexibility should be provided to allow First Nations to phase in repairs and hence help more households with available funding from CMHC, DIAND and the community itself; there was a need to provide the occupant more flexibility with respect to the repairs to be done; there was a need to allow for accountable advances to cover material costs, as some First Nations had difficulty paying for materials upfront; and, it was suggested by one group that program funding be transferred directly to the Tribal or Band Council that would deliver and administer the program within an accountability framework providing for annual reporting on the expenditure of funds, transfer of client/unit data and annual visits and audits by CMHC. It was also recommended that more information on home maintenance be provided occupants. One group suggested that this homeowner education could be linked to the RRAP grant and cover items replaced during the work as well as other areas such as indoor air quality.

E2. Level of Program Funding

What should be the appropriate level of annual renovation program funding on Indian Reserves? Why?

Most participants felt that funding levels should be increased, given the level of need. One respondent felt that the levels should be sufficient to deal with the backlog of need and bring standards on reserves to the Canadian level. One group recommended maintaining current funding levels pending a review of need and then tying the budget level to specific goals.

With respect to budget levels, one group recommended a 50 per cent increase to accommodate RRAP for Persons with Disabilities. Others suggested the budget could easily be doubled. One group wanted the HASI budget to provide for at least one grant per First Nation per year and felt the SEP budget should be increased to meet the need for new units.

E3. Allocation of Program Funding

What should be the basis for the allocation of CMHC program funding on reserves and why should this method be used?

Various recommendations were put forward in response to this question. At the outset, a number of participants questioned the validity of the current data, as Band population numbers were outdated. Suggested approaches included: a combination of population, demand and unit conditions, with perhaps a geographic adjustment (eg, coastal climates); need based on an objective assessment of housing conditions; the number of units per Band, considered nationally. A few respondents felt that it should be determined jointly with off-reserve programs, based on need. Also, it was suggested that a proposal call be used to allocate funds, based on the strength of Band responses to the call.

E4. Coordination with DIAND Housing

a) Is RRAP well coordinated with DIAND and other housing programs?

b) How could coordination be improved?

All participants who responded felt that RRAP was not well coordinated with DIAND and other housing programs. It was noted that bands had to contact DIAND on their own, and the DIAND process was often lengthy. Suggestions for improved co-ordination included: more communication, co-ordinating inspections, more monitoring of the quality of work being done, integrating processes, making funding under each program conditional on receiving funding under the other, developing a two-year budget planning process, delinking RRAP from the DIAND ministerial guarantee process, and guaranteeing an annual allocation to First Nations with a demonstrated need. Others felt that there should be only one agency delivering housing on reserves, either DIAND or CMHC or perhaps the Tribal or Band Council.

E5. Useful Life/ Emergency Repair Program (ERP)

a) Is an ERP-type program needed as a short-term solution for housing which will fall out of the stock but is required until new housing can be developed?

b) If so, how should this work?

The majority of respondents felt that there was a need for an ERP-like program on reserves. One noted that such a program would help address the issue of partial RRAP. A number felt that the program should work on-reserve as it did off-reserve, e.g. for communities of under 2500 of population. Some felt that there was a need for specific criteria and that repeat ERP should be avoided. Some felt that the program should focus on a specific item, such as ventilation or emergency repairs required for people being released from hospital. Other suggestions included advancing the program budget to each First Nation to administer with an annual report on achievements, having the Band make a single application for all the houses to be repaired under the program, providing a one-time grant of \$5000, excluding social housing projects from the program, or deducting the ERP repair costs from a later RRAP or DIAND repair loan.

One group suggested as an alternative expanding RRAP to deal with emergencies. It would simplify the administration to not have to deal with an additional program.

Some respondents felt that, rather than introducing such a program, it would be better to increase the RRAP funding level.

E6. RRAP for Persons with Disabilities

a) Should there be a separate allocation for RRAP for Persons with Disabilities on reserves? b) If yes, what should the annual budget be and how should the money be allocated? c) What are the alternatives to the “all or nothing approach” to stacking Homeowner RRAP on RRAP-D that would still address health and safety concerns?

With few exceptions, staff felt that there should be a separate allocation for the program on reserve. One group stated that, given the health profile of the on-reserve population, need was twice that of the off-reserve population. With respect to the budget level, one group felt it should be the same as the Homeowner RRAP budget level. Respondents felt the funds should be allocated as they were off-reserve.

There were a number of suggestions addressing the ‘all or nothing approach’ under Homeowner RRAP: on-reserve forgiveness levels should be increased to recognize the higher level of repair needs on reserve; there should be a separate Homeowner RRAP budget for households accessing RRAP for Persons with Disabilities and needing Homeowner RRAP assistance; HASI could be stacked on RRAP for Persons with Disabilities; extend the loan repayment period; only consider modification and not health and safety items.

One group suggested that the program also apply to modifications for new construction. A few felt that the Band should decide on the priorities.

E7. Need for Conversion RRAP on Reserve

a) Are there a sufficient number of suitable non-residential buildings on-reserve to warrant a separate Conversion RRAP allocation? b) Which, if any, program guidelines should be changed for on-Reserve delivery?

The majority of respondents felt that there were enough buildings to warrant a separate on-Reserve allocation, including former band offices, health centres, schools, community halls and administrative buildings. One group estimated at least one or two buildings per reserve. Some participants felt that the housing need on reserve was so great that everything should be done to address it. The program was not being promoted for lack of budget.

With respect to program guidelines, one group referred to the work of a national CMHC team that had looked at the issue in 2001. It was recommended that the forgiveness maximum be increased on reserve; also, the budget should be split between on and off reserve allocations. Other suggestions included allowing the Band to determine rents, as long as the project was viable, given the lack of a rental market on reserve; reducing the forgiveness earning period from 15 to 5 years to recognize that there is no need for long-term monitoring on reserve; permitting the Band be responsible for tenant selection; and, using a Band Council Resolution (BCR) and a loan agreement as security for on-reserve projects.

One group also recommended a grant program to repair vacant residential units currently beyond repair, in remote communities.

E8. Other comments on RRAP on Indian Reserves

One group noted that the program was serving a useful purpose and should be expanded. It was suggested that RRAP and DIAND renovation funds be combined to partially address renovation, modification and redevelopment needs. Other suggestions included introducing an energy efficiency component to the program, consider SEP for additions and other societal problems on reserve, resolving the issue with SEP operating funds by locating other sources of funding, combining CMHC and DIAND inspection requirements and combining DIAND renovation inspection dollars with agency fees.

F. QUESTIONS ABOUT THE EMERGENCY REPAIR PROGRAM - ERP

FI. Program Relevance

**Should ERP continue as a separate program or should it be folded in with RRAP?
If so, why?**

A large majority of respondents stated that ERP should continue as a separate program. It was considered to be an excellent resource in responding to emergency situations faced by low-income households and a good alternative to RRAP, without the application of RRAP criteria.

On the other hand, some participants felt that the program should be folded into RRAP. One reason was that, given repayment problems under RRAP, ERP was a means of helping clients unable to access RRAP itself. Another participant felt that ERP did not meet any specific criteria and was open to abuse. Another asked why one would apply a band-aid solution instead of doing a proper renovation. Finally, a few respondents felt that administrative gains could be achieved by merging the programs.

F2. Issue: Geographic Targeting

a) Should ERP continue to be targeted to northern areas? b) If not, where else should it be available ? What would be the rationale for extending the program to these other areas?

Staff were almost unanimous in recommending that the program be available everywhere, in rural and remote areas, on reserve and in urban areas. It was felt that emergency situations existed everywhere, even in urban areas, and the program was effective in addressing these quickly and simply.

One group recommended that the program be targeted to Aboriginal households and that if it were extended to urban areas, house value thresholds be applied.

A few respondents felt that the program should remain as it is, as there was no alternative housing available in rural and remote areas, unlike urban areas.

F3. Aboriginal Targeting

a) Is the current target for Aboriginal participation in Homeowner ERP appropriate (and if not, why)? b) can the Aboriginal targets for the program be achieved?

A majority of respondents felt that the targets were not appropriate, in the sense that they were too high. A number also felt that the current targets could not be achieved, although a few suggested more advertising and promotion targeted to Aboriginal groups. One participant suggested that there be a specific budget set aside for Aboriginal households.

One group stated that the rural and remote off-reserve Aboriginal population was declining, as Aboriginal households were moving either to urban areas or to reserves. Another felt that a number of Aboriginal households were not willing to self-identify. Also, it was noted that many Aboriginal households were not homeowners, hence the programs should target rental housing or programs should be developed to promote Aboriginal home ownership.

There were a number of suggestions for change. A number of participants felt that the existing targets had to be reviewed in function of the size of Aboriginal population off-reserve, or in function of need, or assessed against actual achievement levels. A few participants felt that there should be no target as the program should be available to everyone in need.

F4. Other Comments on ERP

A number of comments were provided. It was recommended that the ERP budget be increased and that benefit levels be increased to reflect cost increases since the levels were last established. The program should be made universal for homeowners and perhaps extended to rental housing as well. There should be more marketing to households, with marketing through Aboriginal newspapers. Also, more Aboriginal health care providers should be asked to assist in program delivery. There was also the suggestion that the impact of ERP should last more than one year. Finally, one participant felt that the program had been more effective in the past when a permanent housing solution could be offered following the ERP work.

G. QUESTIONS ABOUT HOME ADAPTATIONS FOR SENIORS' INDEPENDENCE -HASI

G1. Relationship to RRAP for Persons with Disabilities

a) Should HASI be merged with RRAP for Persons with Disabilities? b) What is the rationale for continuing HASI as a separate program?

A large majority of respondents felt that HASI should remain as a separate program. It was seen to be an effective program, well targeted to seniors, allowing them to continue to live independently, and popular with clients. It was simple and quick to administer and deliver. Clients, rather than inspectors, decided what modifications should be undertaken. The HASI forgiveness period was much shorter than that under RRAP and HVTs did not apply to HASI. RRAP for Persons with Disabilities was considered too cumbersome for small projects and seniors were not willing to enter into long-term arrangements as required under RRAP.

It was suggested that funding levels should be increased and the age limit reduced.

On the other hand, one group felt that if the two programs were merged, HASI funds could be used as equity by the RRAP client.

G2. Assistance Level

a) Should the maximum grant be increased, keeping in mind that HASI is targeted to minor adaptations for support independent living? b) If yes, what should the maximum grant be and how did you derive this number?

Although one group felt that the current level was appropriate, the majority of respondents said that the grant level should increase. The main reason cited was cost increases. There was a suggestion that an occupational therapist assessment should be covered by the grant. Recommended grant levels ranged from a modest increase to \$3000 to \$3500, to larger increases to \$5000, \$7500 or even \$8000. A number suggested that the grant level be based on the costs of specific work, such as a stair lift and ramp, or a bedroom on the ground floor. Some suggested the grant should cover actual costs. It was recommended that if the amount were to be increased, there should be an increased level of monitoring under the program.

G3. Eligible Adaptations

What items should be added to the list of eligible HASI adaptations and what would be the rationale for these additions in terms of additional housing supports for independent living and increased safety?

Items cited most often were personal security items such as security alarms, security bars, automatic door openers and modifications to make entrance ways more secure. Another suggestion was for replacement of windows, if seniors were unable to open or operate them. Given the increasing number of people suffering from Alzheimer's, it was felt that fences should be an eligible item under the program. Some participants felt that it should be possible to put a bathroom, bedroom or laundry facility on the main floor, as main floor facilities were needed as people aged. Other recommendations included chair lifts for stairs and mold remediation to improve indoor air quality.

G4. Other Comments on HASI

A few respondents suggested lowering the age limit; one felt that this should be done on-reserve, given lower life expectancy there. It was noted that HASI was a good program but that contractor abuse was making it more time-consuming to administer. Others felt that there had to be mechanisms in place to measure program effectiveness and a clearer distinction between HASI and RRAP-D. There was also the suggestion that HASI be limited to remote areas and seniors encouraged instead to move into apartments.

H. QUESTIONS ABOUT THE SHELTER ENHANCEMENT PROGRAM -SEP

H1. Homelessness Component

a) Has this proven to be an effective way to provide housing for homeless youth?

b) How could the program be improved?

A majority of respondents felt that the program was effective, but many also felt that it should be expanded to include all homeless youth and not solely those who were victims of family violence. There was also a concern that operating funds were lacking and hence there was a need to work with other government partners to ensure the project met support needs as well. Also, budgets were limited given the extent of need and hence more funds were needed. It was also recommended that program awareness be enhanced.

H2. Coordination of Services

How could SEP funding be better coordinated with funding from other sources for the ongoing operation of the housing?

Most participants recommended great co-ordination and partnerships with the relevant funding agencies, for example DIAND with respect to on-reserve, provinces, municipalities, churches and others. One respondent recommended a joint RFP with the agency responsible for providing the on-going operating funds. Another suggested that operating fund approval should be a condition of the SEP application. One respondent felt that energy efficiency items should be eligible under the program as this would reduce operating costs.

H3. Other Comments on SEP

One participant felt that SEP was an essential program in addressing the needs of clients in difficulty. Another felt that a long-term program commitment would allow jurisdictions to prioritize shelters and hence complete all necessary repairs. It was suggested that there was a need for another program mechanism on reserve as it did not work well there. One group felt that it was not realistic to complete all the work on a given entire project within the same fiscal year. Finally, it was suggested that SEP should be extended to include men as clients.