

AUDIT AND EVALUATION SERVICES



Affordable Housing Initiative Evaluation Plan



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EXECUTIVE SUMMARY

BACKGROUND

- ◆ \$1 billion in federal funding has been made available to provincial/territorial housing agencies under the Affordable Housing Initiative (AHI) to increase the supply of affordable housing. Additional provincial, territorial, and other funding is expected to bring total expenditures for affordable housing to at least \$2 billion.
- ◆ The accountability frameworks attached to the bilateral Affordable Housing Program Agreements stated that CMHC is responsible for leading a Canada-wide evaluation of the AHI, and that the provinces and territories will be invited to participate in the design and conduct of the evaluation. In Quebec, the SHQ will evaluate its affordable housing activities and provide related information to CMHC for the Canada-wide evaluation report.
- ◆ The two key purposes for this evaluation are 1) to report on the relevance, success, and cost-effectiveness of the two phases of AHI expenditure and 2) to inform decisions about whether to continue or modify the initiative or to let it lapse.

AHI ACTIVITY TO-DATE

- ◆ At least 30 distinct provincial/territorial housing programs comprise the AHI, including assistance for new construction and renovation, rental and ownership tenures, urban, rural and remote housing, and housing for many types of client groups. In March 2005, rent supplement programs were made eligible for federal AHI funding.
- ◆ As of September 30 2007, \$813 million of the total federal funding had been committed or announced for 35,573 units.

EVALUATION ISSUES

The evaluation will measure the performance of the AHI through the examination of eight issues as follows:

Relevance

- I. Is there a continuing need for government to increase the supply of affordable housing?

Success

2. To what extent has the AHI increased the supply of affordable and modest housing?
3. Did the AHI provide housing that is affordable for its occupants and meet adequacy and suitability norms?
4. What was the impact of the AHI on long term project affordability and viability?
5. What are the characteristics of households currently living in AHI funded projects?
6. Have the AHI framework and agreements provided adequate accountability mechanisms and communications procedures?
7. Did the AHI improve housing conditions and quality of life for the occupants of the housing?

Cost-effectiveness

8. Is the AHI a cost-effective instrument for increasing affordable housing supply and delivering low-income housing assistance?

EVALUATION METHODS

The evaluation will collect secondary data from existing sources and through literature reviews. It will also collect primary data through:

- Surveys of residents in AHI projects and of comparison group residents
- Surveys of government officials, housing providers and housing stakeholder groups

The evaluation will address the evaluation issues through descriptive, statistical, risk, simulation and cost effectiveness analyses.

TIMETABLE

Assuming that the provincial and territorial review of the plan is complete by September 2007, a draft evaluation report would be available by summer 2008. Publication of the final report would occur following reviews and approval by the evaluation advisory committee and CMHC management.

Task	Completion Date
Planning	
• Provincial and Territorial review of draft plan	September 2007
• CMHC approval of final plan and budget	December 2007
• Request for Proposals process	January 2008
Conduct	August 2008
Reporting	November 2008

1. INTRODUCTION

The Affordable Housing Initiative (AHI) was announced in 2001 as a collaborative initiative between the federal and the provincial and territorial governments. The Initiative was implemented under *The Framework for Bilateral Agreements Aimed at Affordable Housing (November, 2001)*. This is a multilateral framework agreed to by federal, provincial and territorial housing ministers that sets out the parameters of bilateral F/P and F/T Affordable Housing Program Agreements (AHPAs). Under these agreements, the provinces and territories determine priorities for funding and design and deliver the programs within agreed parameters.

The federal government has allocated \$1 billion in funding for the AHI, and provincial and territorial housing agencies and other contributors were expected to bring total expenditures to at least \$2 billion. Federal funding was provided in two phases, \$680 million in Phase 1 (in the federal budget of December 2001), and \$320 million in Phase 2 (in the federal budget of February 2003). As of September 30 2007, \$813 million of the total federal funding had been committed or announced for 35,573 units.

CMHC is responsible for leading a Canada-wide evaluation of the relevance, success, and cost-effectiveness of the Initiative and reporting the results to Treasury Board.¹ The provinces and territories will be invited to participate in the evaluation.

The evaluation will collect secondary data from existing sources and through literature reviews. It will also collect primary data through:

- ◆ Surveys of residents in AHI projects and of comparison group residents
- ◆ Surveys of government officials, housing providers and housing stakeholder groups

Evaluation issues will be addressed through descriptive, statistical, risk, simulation and cost effectiveness analyses. The evaluation will mainly report results for Canada as a whole, not for individual jurisdictions, but will examine separate program types.

¹ In Quebec, SHQ will undertake an evaluation and provide data to CMHC for the Canada-wide report.

2. DESCRIPTION OF THE AHI

2.1 OBJECTIVES

The Federal objective of the Affordable Housing Initiative was to help stimulate the production of affordable housing in urban and remote communities, with provincial and territorial housing agencies having responsibilities for designing, delivering, and co-funding programs under the Initiative.

The Framework implementing the bilateral agreements recognized that governments had worked to stimulate the supply of affordable housing, that there was an urgent requirement for more affordable housing, that in addition to the AHI, strategies for supporting supply would be necessary, and that all levels of government must respect geographic differences with respect to housing. In sponsoring the Initiative, all levels of government understand that provinces and territories have the responsibility for program design and delivery, that flexible programs are needed, that the initiative had to create housing for low to moderate income households, and that short term initiatives do not diminish the necessity for long term policies and programs. The Initiative thus aims at supplying affordable housing that will remain affordable for at least ten years, limits average and cumulative federal contributions, recognizes that administrative burdens should be minimal, and requires provinces, territories, and other parties to match federal contributions.

The Phase 1 agreements explicitly state that one of their objectives is to increase affordable housing supply. In most provinces, rental programs delivered by the Initiative limit client eligibility to low or moderate income households although this was not a federal objective. The Phase 2 agreements further limit eligibility to lower-income households that were on, or eligible to be on, social housing waiting lists. Phase 2 funding was also intended to expand affordable housing in urban areas with low vacancy rates.

The mix of provincial and territorial programs may include all types of housing (rental, homeowner, new construction and renovation) and various client groups (Aboriginal households, families, seniors, single persons, and persons with special needs). Under both Phases of the AHI, the form of the federal assistance is an upfront capital contribution. Matching provincial or territorial assistance may be provided in the form of contributions or other subsidies. Housing funded through the AHI is intended to remain affordable for a minimum of ten years. With flexibilities introduced in 2005, CMHC funding may be used to provide rent supplements for households moving to vacant units in existing housing.

Federal funding commitments were initially approved to March 31, 2006 then were increased and extended under Phase 2 to March 31, 2007. However, the time periods for commitment and expenditures under both phases have subsequently been amended. The commitment period for both phases of funding has been extended to March 31, 2009, and the claims period has been extended to March 31, 2010. Federal rent supplements may be committed up to March 31, 2008 and claims may be paid to March 31, 2013. Federal rent supplement may not run for more than five years for any commitment and an exit strategy was required at the end of the term. Provincial or territorial rent supplements may run beyond 2013.

2.2 PARAMETERS

The AHI is delivered through approved provincial and territorial programs under the bilateral Affordable Housing Program Agreements as amended. The key elements of the AHI are summarized below and in Table I.

- ♦ **Client targeting:** There were no client group target requirements in the body of the Phase I bilateral agreements, but most provinces included targeting to low to moderate income households in the schedules that defined their programs. Under Phase 2, housing assistance was to be targeted to low-income households on, or eligible to be on, waiting lists for social housing. Housing serving other groups including Aboriginals, recent immigrants, and persons with disabilities was encouraged.
- ♦ **Unit rents:** The rents on funded units for both phases were supposed to be at or below average market rents. The rents on Phase 2 funded units were supposed to be “affordable” for the low income occupants. No formal rent geared to income scale was imposed, this being left to provinces and territories. The affordability of units was to be ensured for a minimum of 10 years.
- ♦ **Unit characteristics:** In both Phase I and Phase 2, the housing is intended to be ‘modest’ in terms of unit sizes (i.e. floor areas) and amenities as related to local community norms.
- ♦ **Eligible housing:** New rental housing, ownership housing, acquisition and renovation of existing housing, and special needs housing were eligible for assistance. The percentage of CMHC funding for urban home-ownership housing was capped at 25 percent and was limited to urban redevelopment areas as defined by a province or municipality. The 25 percent homeownership limit included lease-to-own and life tenancy arrangements. There was no cap on the amount of homeownership housing funded in remote areas. Renovation was at first eligible only for units that would otherwise be lost to the stock and required more work than could be funded under RRAP but this requirement was abandoned.

In 2005, rent supplement programs became eligible for CMHC funding. However, rent supplements could be applied only to vacant units in market or mixed-income social housing projects. Commitments could be made only during three years following 2005 and subsidies could last for up to five years. Jurisdictions were required to implement an exit strategy to avoid long term dependency by program clients.

- ♦ **Geographic targeting:** Phase I allocated \$80 million for remote housing in the three territories and the northern and remote areas of provinces. The balance of the funding was allocated based on 2001 population. Phase 2 funding was allocated based on 2003 population.
- ♦ **Cost-sharing requirements:** Other parties, including provinces, territories, and third parties were required to provide contributions equal to the federal contributions. The provincial and territorial contributions could be either assistance provided to units in programs approved for federal/provincial/territorial assistance (cost-shared) or assistance provided to units in programs approved for provincial and territorial assistance only

(cost-matching). Provincial and territorial contributions could include in-kind or cash amounts, one-time amounts or the present value equivalents of annual subsidies, and third party contributions. Third party contributions were included in cost-sharing/matching for both phases but were capped for Phase 2.

- ◆ **Flexibility:** Under both phases of the AHI, delivery of federal assistance was provided through provincial and territorial housing programs according to the needs and priorities determined by the delivering agencies.
- ◆ **Stacking with other programs:** Stacking with some other programs (such as the Residential Rehabilitation Assistance Program, Shelter Enhancement Program, or the Supporting Community Partnerships Initiative) was permitted in order to increase financial support levels, provide a deeper subsidy, and reach lower income clients. However AHI funding was not available for existing social housing projects in receipt of ongoing federal funding except in the case of creating new units on social housing regeneration sites and in the case of repairing units receiving assistance under the Rural and Native Housing Program. Stacking with RRAP is permitted only where the province or territory cost-shares to a level of 50 percent.
- ◆ **Provincial and territorial facilitation measures:** A number of housing agencies have initiatives to facilitate operation and take-up of programs delivered under the Initiative. An example is the Ontario Mortgage and Housing Initiative. The evaluation will catalogue such initiatives in other jurisdictions as part of the AHI profile.

The AHI is delivered by provincial and territorial housing agencies in collaboration with municipal governments as well as third sector and private housing providers. Individual municipalities have been actively involved in the Initiative as provided for under the terms of provincial and territorial housing programs.² Accountability for AHI funding is assigned to the federal, provincial and territorial agencies as specified in the Affordable Housing Program Agreements.

² For example, in Ontario, a formal, tri-level Memorandum of Understanding was signed August 31, 2005 by CMHC, Ontario Ministry of Municipal Affairs & Housing, the Association of Municipalities of Ontario, and the City of Toronto, and identified seven guiding principles for municipal involvement in the AHI under the Canada-Ontario AHPA.

Table I: Design of the Affordable Housing Initiative

Elements	Phase I	Phase 2
Eligible programs	Rental Home ownership <ul style="list-style-type: none"> • up to 25% of the funding in urban areas, limited to units in redevelopment areas • no limit in remote areas Major renovation Rent Supplement	As in Phase I
Client targeting	No requirement for income targeting.	Low income (eligible for or on waiting list for social housing). Other groups are encouraged: persons with disabilities, Aboriginal persons and recent immigrants
Geographic targeting	Designated allocation for remote areas	Communities and areas with considerable needs. P/T's provide unit allocation plan to CMHC.
Budget allocation	<ul style="list-style-type: none"> • \$80M for territories & northern/remote areas of 7 provinces • \$600M for non remote areas, allocation based on 2001 population 	\$320M allocated based on 2003 population
Housing charges	At or below average market rents.	Units to be affordable to low income households., albeit RGI scale not mandatory.
Maximum CMHC unit assistance	Funding up to \$25,000 average over all units	Funding up to 50% of capital costs to a maximum of \$75,000 per unit.
Stacking & other programs	AHI funding may be 'stacked' with some other federal programs (e.g. RRAP, SEP, SCPI). RRAP/SEP stacking requires P/T cost share of at least 50%. AHI funding may not be stacked with federally-funded social housing programs except for new units on regeneration sites. Some project sponsors may be eligible for 'seed funding' from CMHC for initial proposal development. AHI projects eligible for NHA mortgage insurance fee waiver.	As in Phase I
Cost-sharing	50% P/T matching on portfolio basis <ul style="list-style-type: none"> • includes P/T share of subsidies on AHI units • includes affordable housing subsidies under cost-matched programs. - includes third party contributions. • contributions under other f/p/t agreements may not be counted. 	As in Phase I <ul style="list-style-type: none"> • housing subsidies provided by other departments on AH units counted as part of P/T share. • P/T contributions over 50% on Phase 2 may be counted as contributions to Phase I. • Limit of 50% of the provincial share may be contributed from municipal sources
Other	Uncommitted Phase I budget could be used according to Phase II rules	May combine Phase I and II contributions to create mixed income projects

2.3 LEGISLATIVE AUTHORITY

CMHC was authorized to provide funding for the AHI under the terms of Section 25 (for rental housing), Section 51 (for renovation), Section 57 (for home ownership housing), and Section 95 (for rent supplements) of the National Housing Act (NHA). Sections 25 and 57 of the NHA both provide for capital funding for new construction and/or acquisition of existing housing. Funding may be provided for projects developed by public, non-profit, co-operative, and private housing providers with the mix of project sponsorship being determined by the provincial and territorial priorities.

2.4 INVOLVEMENT OF OTHER NHA PROGRAMS

Projects funded under the AHI may receive support from the following NHA programs:

- CMHC provides initial 'seed funding' (up to \$20,000) through the Canadian Centre for Public Private Partnerships (CCPPP) to assist groups in preparing their housing proposals. Some such groups may eventually apply to provincial or territorial housing agencies for AHI funding. Proposal Development Funding is not available for AHI projects.
- In 2005, NHA mortgage insurance premiums were partially or fully waived for all housing projects with rents below specific levels. This waiver applied retroactively to any AHI projects in the pipeline that had not had their financing fully advanced.
- AHI projects may also be eligible for additional funding from housing renovation subsidy programs such as RRAP and SEP provided that the province or territory contributes 50 percent of the renovation subsidy cost. Note that the provincial share of the cost of these programs might otherwise be less than 50%. Depending on the jurisdiction, these programs may be delivered by the provincial or territorial agency or by CMHC.

2.5 PROVINCIAL AND TERRITORIAL HOUSING PROGRAMS BY TYPE OF PROGRAM

Provincial and territorial housing agencies have implemented many designs for AHI programs. The range of designs supply units through new construction and major renovation, recognize rental and ownership tenures, support urban, rural and remote housing, provide housing for many types of households and individuals, and offer several kinds of subsidies including forgivable loans, capital contributions and rent supplements. Table 2 identifies for each province and territory the types of AHI programs that are included in the agreements.

Where applicable, a schedule of *cost-matched* programs is included in the Agreements. Cost-matched programs are not eligible for CMHC funding. However, spending on such programs is counted for cost-sharing purposes. These programs include: neighbourhood assistance programs, new construction programs, seniors supportive housing, and other renovation or ownership assistance programs.

Table 2: Summary of Provincial/Territorial Housing Programs for AHI Funding

Province/ Territory	New rental	Home ownership	Renovation/ Acquisition/ Conversion	Rent Supp't	Remote quota	Other Cost- Matched
NFL&L	Affordable Rental (new)	Remote Home ownership (new or reno)*	Remote HO renovation*	Yes	Yes	Yes
PEI	Rental construction	New HO units*	Reno/conversion *			Yes
NS	New Rental Housing Initiative	New Home Purchase Program*	Rental & Home ownership Preservation Program*	Yes		Yes
NB	New Rental		Rental Reno	Yes		
Quebec	Affordable Housing Québec & AccèsLogis Québec Programs	Affordable Housing Québec program (Kativik & Northern Québec component)	Affordable Housing Québec and AccèsLogis Québec programs (major renovations conversions or recycling)		Yes	Yes
Ontario	Affordable Urban Rental Housing Program New Rental Housing Program	Affordable Urban Home ownership Program*		Yes	Yes	Yes
Manitoba	New Rental Supply	Home buyer Downpayment Assistance New Home ownership Supply Program*	Repair/conversion program for rental & homeownership		Yes	Yes
Saskatchewan	Rental Construction	Home ownership	Acquisition/reno		Yes	Yes
Alberta	Affordable Housing Partnerships Supportive Housing Incentives Sustainable Housing in Remote Areas	Affordable Housing Partnerships (new HO) Sustainable Housing in Remote Area	Affordable Housing Partnerships (reno) Supportive Housing (conversions) Sustainable Housing in Remote Areas		Yes	Yes
BC	HOMES BC Seniors Supportive & Assisted Living Program				Yes	Yes
Yukon	Social Housing Private Rental Program	Private home-ownership program	Home Repair		n/a	Yes
NWT	Assisted Rental Program	Independent Housing Program* Supported Lease Program			n/a	
Nunavut		Down payment Assistance Program New Assisted Housing Program*			n/a	

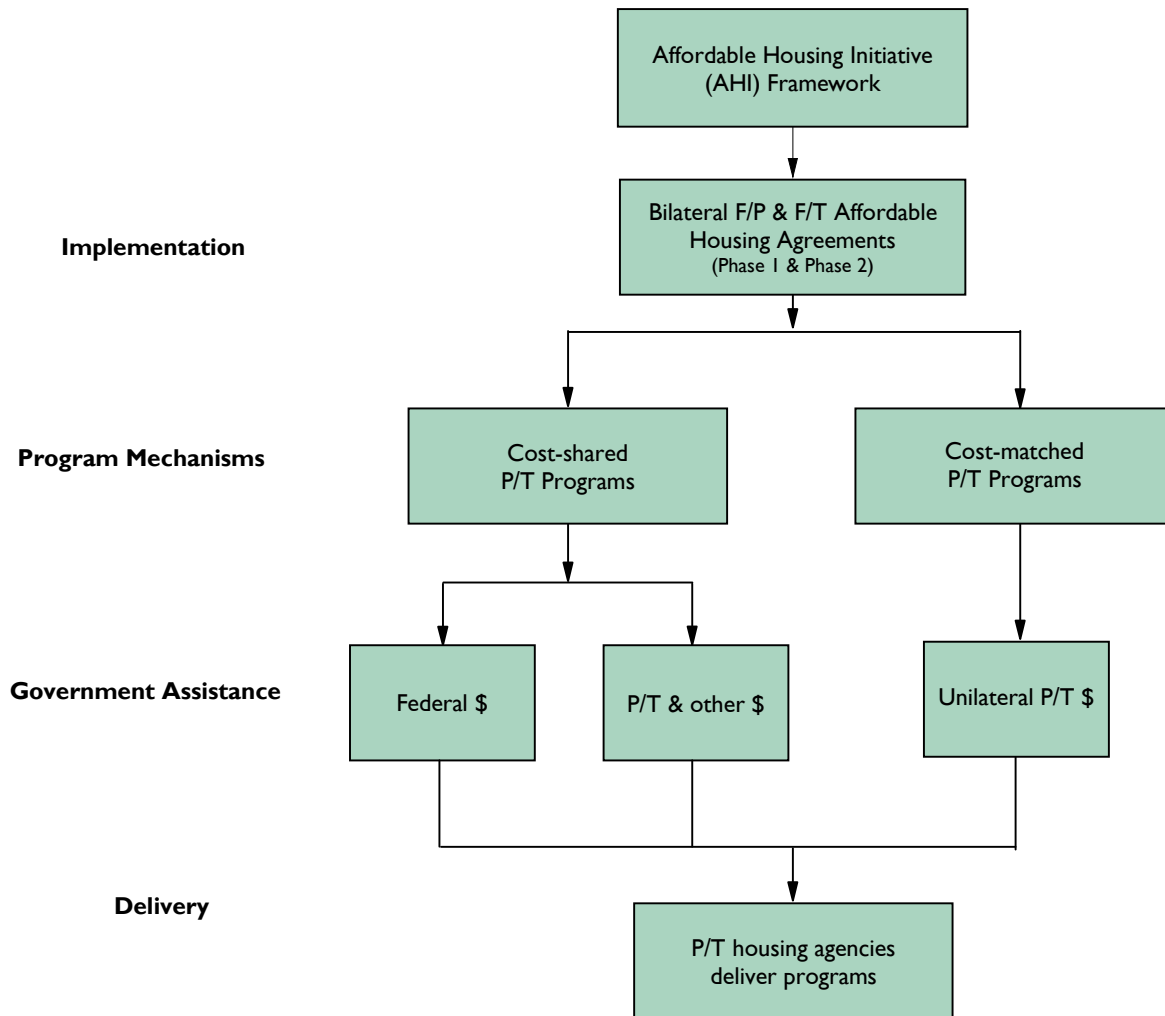
Source: Affordable Housing Program Agreements (various dates)

* Programs targeted to designated areas, neighbourhoods or municipalities

2.6 OVERALL STRUCTURE

The overall program delivery and financing structure of the AHI cost-shared and cost-matched programs is shown in Exhibit I.

Exhibit 1: Overall Structure of the AHI



2.7 ACTIVITY TO-DATE

As of September 30 2007, \$813 million of the total federal funding had been committed or announced for 35,573 units (Table 3). At that time, delivery of the AHI allocations was more advanced in some jurisdictions than others.

Table 3: Federal Affordable Housing Initiatives Allocations and Commitments (million dollars)					
Province / Territory	Phase 1 Allocations	Phase 2 Allocations	Total Allocation	CMHC Funding Committed or Announced	Total Units Committed or announced
Newfoundland	\$15.14	\$5.31	\$20.45	\$6.10	249
Prince Edward Island	\$2.75	\$1.41	\$4.16	\$2.87	117
Nova Scotia	\$18.63	\$9.46	\$28.09	\$20.26	947,895
New Brunswick	\$14.98	\$7.57	\$22.55	\$22.08	1049
Quebec	\$161.65	\$74.86	\$236.51	\$231.14	8,808
Ontario	\$244.71	\$121.58	\$366.29	\$217.17	12,151
Manitoba	\$25.39	\$11.54	\$36.93	\$34.35	2,082
Saskatchewan	\$22.93	\$10.09	\$33.02	\$33.02	1,328
Alberta	\$67.12	\$31.50	\$98.62	\$98.62	3,683
British Columbia	\$88.70	\$41.68	\$130.38	\$128.95	4,456
Northwest Territories	\$7.54	\$0.41	\$7.95	\$7.95	297
Nunavut	\$4.96	\$0.29	\$5.25	\$5.25	212
Yukon	\$5.50	\$0.30	\$5.80	\$5.27	194
CANADA	\$680M	\$316M	\$996.00	\$813	35,573
Source: Assisted Housing Division CMHC September 30, 2007					
Notes: 1: Units include cost-matched units. 2: Amounts shown for P/T allocations are the total federal dollar allocations for the terms of the agreements. 3: A \$4 million allowance for administration not shown in the table was budgeted under Phase 2.					

For the purpose of the evaluation, the number of projects and units under administration and occupied is more important than the number committed, since the results of housing improvements can only be observed once projects are operating. Table 4 shows the numbers of projects and units by program type that had an interest adjustment date as of May 2007 and are assumed to be occupied. The AHl is producing more new rental housing than all other housing types combined. However, it appears that there will be sufficient numbers of projects occupied by the end of 2007 to justify separate surveys by program type. It also appears that surveys by phase may be possible for only new rental construction projects.

Table 4		
Affordable Housing Program Portfolio		
(projects and units with interest adjustment dates)		
Program type	Projects	Units/beds
Rental - new construction	149	4,704
Homeowner (purchase, conversion)	330	613
Repair or renovation (all tenure)	108	236
Remote (all tenure)	164	192
Senior citizen, supportive, and special purpose	34	1,187
Cost matched	321	321
Total	1,106	7,253
Source: CMHC Program Data System, October 5, 2007		

3. LOGIC OF THE AHI

3.1 ACTIVITIES

The AHI has been implemented through bilateral agreements between CMHC and the responsible provincial and territorial agencies. The agreements state their scope and objectives and specify responsibilities for delivery, finance, payments, accountability, communications, and other general matters. Schedules to the agreements identify the basic elements of provincial housing programs eligible for federal budgetary contributions, specify budgetary cash flows, and outline accountability and communications practices. Schedules also specify programs that are to be counted as cost-matched, where applicable. The agreements follow the approach outlined in the *Framework for Bilateral Agreements*.

Provincial and territorial agencies determine overall program design, specify priorities for funding in their jurisdictions and operate the Initiative. Operations include setting program parameters, advertising and soliciting project proposals, selecting projects for funding and establishing contribution agreements with project sponsors/developers, delivering project financing, monitoring performance, and accounting to CMHC for AHPA compliance.

CMHC is responsible for payment of claims to the provincial/territorial agencies, monitoring activity and spending, reporting to the federal government and program evaluation.

Project sponsors/developers (which include non-profit, public and private organizations) develop and submit project proposals, seek financing from other sources, build or renovate approved housing projects, select tenants/occupants for the units, report to the provincial or territorial housing agency, and follow the terms of contribution agreements.

The provisions of the agreements that distinguish the AHI from previous F/P/T housing agreements are provincial and territorial program design, the accountability framework, and the communications protocol. The remaining provisions are largely similar to provisions of other F/P/T social housing agreements (for example RRAP) regarding program delivery, cost-sharing (excepting the actual formula), and payments. The effectiveness of accountability procedures, and communications can be considered as evaluation criteria.

3.2 OUTPUTS

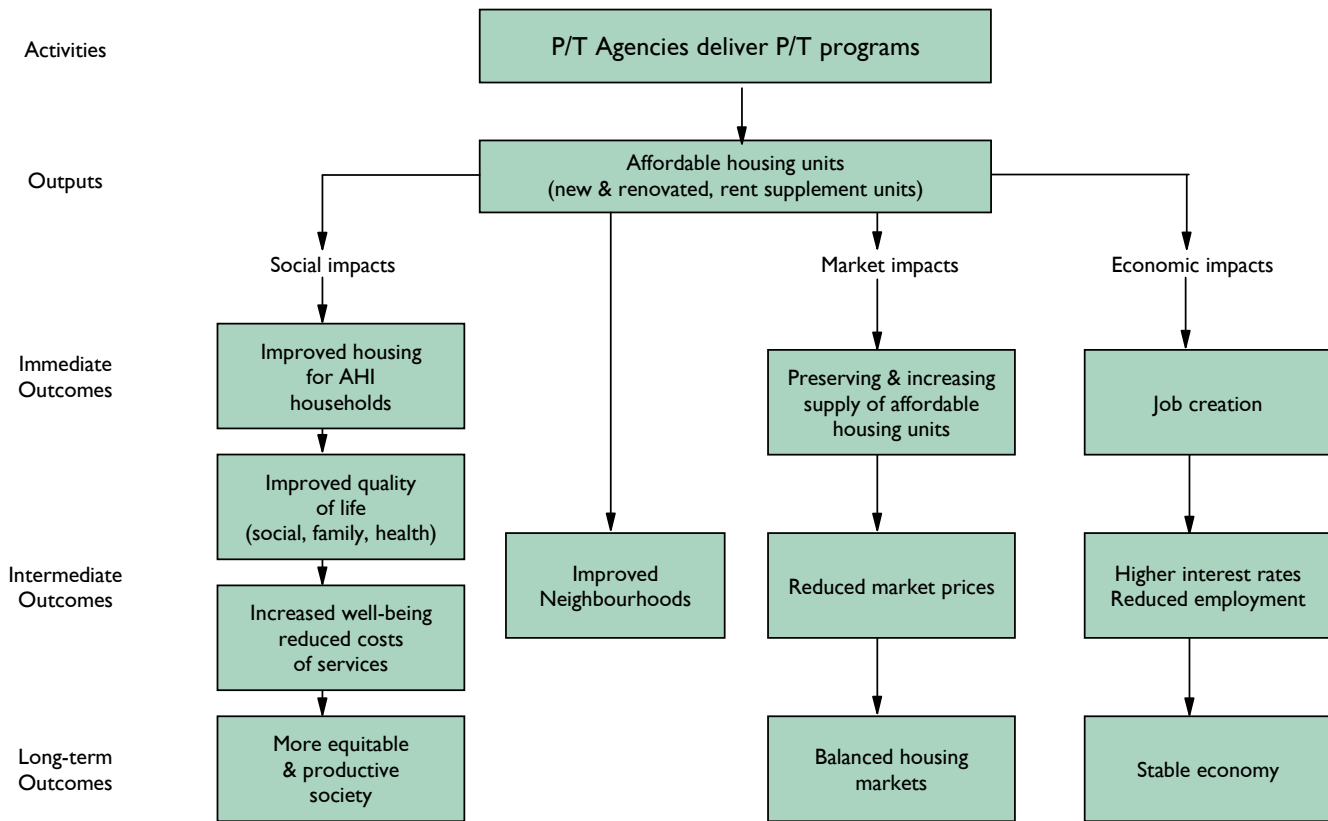
The outputs of Phase I are new or substantially renovated rental or homeowner units which are intended to be modest and to rent or sell at or below average/median market levels. Phase I outputs also include rent supplements. The outputs for Phase II are new or substantially renovated rental or homeowner units intended for households who are eligible to be on a social housing waiting list and to be affordable to them. Phase II outputs also include rent supplements for households eligible to be on a social housing waiting list who move to vacant rental units.

3.3 OUTCOMES

The potential outcomes of the AHI are wide-ranging and include social impacts for households such as improved housing conditions, housing market impacts such as an increased supply of affordable housing, and economic impacts such as job creation. Some outcomes relate to the objectives of the Initiative (i.e. effects on the supply of housing and on the households living in AHI units), whereas others are consequences of AHI activities. Some outcomes are immediate or short-term whereas others develop over time and are described as intermediate or long-term outcomes. The overall program logic chart (Exhibit 2) and the discussion below seek to identify the full range of outcomes over time. However, given the time frame for this evaluation (it has only been five years since the AHI was launched), the focus will be primarily on the immediate outcomes directly related to the objectives of the Initiative.

While activities and outputs obviously result directly from program operation, outcomes are affected by factors outside of the program. These may include economic trends or cycles, social trends, or random events such as natural disasters. These are numerous and while they are not illustrated in Exhibit 2, the connections should be interpreted as being net of such confounding factors. Any evaluation must structure its data collection plan to generate evidence that discounts the effect of external factors and allows outcomes to be attributed to the influence of the program itself.

Exhibit 2: Logic Chart - Outcomes of the AHI



3.3.1 Immediate Outcomes

The key immediate outcomes in relation to the AHI objectives are an increased supply of affordable housing and improved housing for AHI households. Improved housing can also lead to improvements in the quality of life, some of which may be immediate.

- ◆ *Housing Market Impacts:* The supply of affordable housing would increase as new construction added units to the housing stock and funding for renovation reduced the rate of loss of units. Vacancy rates in the rental sector could be increased. The overall physical condition of the housing stock could be improved as additional units meet minimum health and safety requirements. However, in loose housing markets this effect could be mitigated by declining maintenance and housing conditions in the non-AHI stock if vacancy rates increase and revenues fall. Private starts may also be negatively affected.

The 'market impacts' of rent supplement units differ from the effects of new supply and renovation programs, and impacts can vary with market conditions. Since the AHI provided rent supplements for existing vacant units, rent supplements can contribute to increased utilization of existing housing stock and support improved maintenance of existing housing by increasing landlord cash-flow. In 'tight' market conditions (i.e. markets with low vacancy rates), rent supplements may have the effect of increasing effective demand for the existing rental supply and tend to drive up market rents which in turn may contribute to 'excess profits' for private landlords.

- ◆ *Social Impacts:* Households occupying AHI units would benefit from reduced housing costs and may also benefit from improved housing quality (i.e. higher health and safety standards) and from housing that is more suitable for their needs. In addition, AHI units may provide improved safety and security through less risk of fire and crime, better security of tenure, or better physical accessibility. To the extent that new affordable housing initiative units are available to households on waiting lists, waiting times for social housing units could be reduced leading to benefits for all social housing applicants.

Improvements in housing or tenure security may lead to reduced stress, better physical and mental health, improved family and social functioning, improvements in child development and school performance, and enhanced independence for persons with disabilities. These are contributors to better quality of life for families and individuals.

For families and non-elderly individuals, improvements in social well-being may also be associated with enhanced economic circumstances if increased labour force participation follows from improved housing. For example, improved security of tenure may improve employability and promote job stability leading to higher employment income. Enhanced economic self-sufficiency can contribute to reduced costs for income support and lower costs for social services.

3.3.2 Intermediate and Long-term Outcomes

Over time, other impacts from the AHI may develop. The AHI may improve neighbourhood conditions and create jobs in the housing sector. The rate at which these may occur and the magnitude of the impact could vary with the scale of the AHI, local market conditions, and economic factors. However, given the short time period between the program's inception and the evaluation such long term outcomes will not be examined.

4. EVALUATION ISSUES

The evaluation will include activity funded since 2001 under both phases of funding for the Initiative. However to the extent possible, and where relevant, results would be reported separately for each phase. The following sections outline the issues to be assessed in three main sections: relevance, success, and cost-effectiveness. These issues involve program outcomes that may be measurable after the relatively short period between the inception of the program and the evaluation.

4.1 RELEVANCE

Issue #1: Is there a continuing need for government to increase the supply of affordable housing?

When the AHl was introduced in 2001 there was a shortage of affordable housing in major urban centres as evidenced in low vacancy rates in the private rental sector. Although vacancy rates in the private rental market had increased by 2004, statistics showed continuing housing affordability problems for more than a million Canadian households, and homelessness persisted in major urban centres. The evaluation will assess the evidence for continuing shortages of affordable housing contained in public sources. The evaluation will also examine the arguments for government intervention to increase the supply of affordable housing and to assist low income households with housing affordability problems.

Indicators	Evaluation Methods & Data Sources
Number of households with affordability problems (i.e. shelter cost in excess of 30% of gross household income).	<p style="text-align: center;">Statistical Analysis</p> <p style="text-align: center;">Public Data (Statistics Canada, CMHC)</p>
Forecast change in average market rents compared to change in average household incomes, for specific CMA's.	
Forecast number of households with housing affordability problems.	
<p>Number of households on social housing waiting lists (urban versus rural and by CMA) where available</p> <p>Number of households doubled-up or crowded (urban versus rural and by CMA)</p> <p>Number of homeless households (urban versus rural and by CMA)</p>	<p style="text-align: center;">Statistical Analysis</p> <p style="text-align: center;">Descriptive Analysis</p> <p style="text-align: center;">Administrative data</p> <p style="text-align: center;">Public data</p> <p style="text-align: center;">Literature review / expert opinions</p> <p style="text-align: center;">Surveys of F, P/T & local officials, housing providers & stakeholder groups</p>
Theoretical arguments & expert opinions on various rationales for governments providing housing assistance to low income households.	<p style="text-align: center;">Descriptive Analysis</p>
Theoretical arguments & expert opinions on various rationales for government's intervening to increase housing supply.	

4.2 SUCCESS

The evaluation will examine issues related to the success of the AHI in achievement of the stated objectives of the AHI. In particular the evaluation will measure AHI impacts on:

- ◆ The supply of affordable and modest housing.
- ◆ The current affordability, adequacy, and suitability of AHI funded housing.
- ◆ Long term affordability and viability of AHI funded housing.
- ◆ The characteristics of the current occupants of AHI funded housing.
- ◆ Accountability reporting and communications.
- ◆ Improvements in housing conditions and the quality of life of occupants.

Issue #2: To what extent has the AHI increased the supply of affordable and modest housing?

The evaluation has to determine the impact of the AHI on the stock of affordable housing units; that is, whether there are more affordable housing units in Canada than there otherwise would have been.

The analysis first has to take account of the effects of the cost-sharing, leveraging, and stacking provisions of the AHI on the total supply of government housing assistance. Therefore the evaluation will determine the proportion of the provincial and territorial funding provided for AHI units that would **not** have been expended for housing in the absence of the Initiative. This plus federal government AHI funds represents the additional supply of government housing assistance.

Three lines of evidence will be employed in this analysis. Firstly, a time series of provincial and territorial housing expenditures will be assembled from provincial and territorial housing authorities and public sources of data (e.g. Statistics Canada or Provincial Public Accounts). Then econometric techniques (i.e. time series regression analysis) will be applied to measure whether total provincial and territorial housing expenditures increased as a result of the AHI. The second line of evidence will be interviews of provincial and territorial housing officials to gather their opinions upon how much housing expenditure under the AHI was incremental. Thirdly, an analysis of the sources of government funding under the AHI will yield evidence on the extent to which they were existing or new, predicated on the assumptions that all federal government AHI expenditures and all provincial/territorial AHI cost-sharing expenditures were new and that all provincial/territorial AHI cost-matched expenditures and all federal/provincial/territorial stacked expenditures were existing. The results of the interviews of housing officials may affect these assumptions.

Following the analysis of budgetary changes, it will be necessary to assess the effects of the additional supply of government housing assistance on the supply and price of housing. Here two lines of evidence will be followed.

The first will examine the supply and price of housing over time for local housing markets (CMA's) while controlling for all of the factors affecting the supply and price of housing, including the addition of units funded under the AHI. Most of the data on housing starts, rents, prices, repairs, demolitions and on other factors would be public in nature (Statistics Canada, CMHC) while the influence of the AHI would be represented by administrative data on units subsidized under the program. An econometric stock-flow model would be employed to test whether housing starts increased and housing rents/prices decreased as a result of the AHI. The second line of evidence will be data from surveys of housing providers, including those receiving AHI funding and those not receiving the funding. The evaluation will assess how the availability and/or receipt of AHI funding may have affected their construction, renovation or demolition decisions.

The evaluation will then determine if the AHI housing is affordable compared with standard benchmarks, such as average market rents for similar units, and if AHI projects and units are modest, as defined in the schedules to the bilateral agreements. This analysis will consider provision of affordable, modest housing in remote areas versus urban and other areas since there was a specific allocation of AHI Phase 1 funding for remote areas, and Phase 2 funding emphasized affordable housing supply in urban areas.

Indicators	Evaluation Methods & Data Sources
Amount of federal, provincial, territorial, municipal and private contributions to AHI that were incremental	Statistical Analysis Surveys of P/T & local officials Survey of housing providers Administrative Data Public data
<ul style="list-style-type: none"> • Increase in total housing starts as a result of the AHI. • Increase in total housing renovation expenditures as a result of the AHI. • Decrease in total housing demolitions as a result of the AHI 	Statistical Analysis Public data (Stat Can, CMHC) Administrative Data (Provincial)
<ul style="list-style-type: none"> • Decrease in housing market rents/prices as a result of the AHI. • Increases in housing market vacancy rates/unsold housing inventories as a result of the AHI. 	Statistical Analysis Public data (Stat Can, CMHC) Administrative Data (Provincial)
Number of AHI funded projects/units that would not have been built in the absence of the AHI.	Statistical Analysis Survey of housing providers Survey of comparison group of housing providers
Number of non-AHI funded project/units canceled/postponed because of competition from AHI funded projects.	
Number of AHI funded projects/units that would not have been renovated in the absence of AHI assistance	
Number of non-AHI funded project/units where renovations were canceled/postponed because of competition from AHI funded projects.	
Number of AHI funded projects/units that would have been demolished in the absence of the AHI.	
Number of non-AHI funded project/units that were demolished because of competition from AHI funded projects.	
Difference between rents on AHI units and market rents for similar units, controlling for size, location, age, building type etc.	Statistical Analysis Survey of housing providers Public data
Difference between size & amenities of AHI units and similar units controlling for location, age, building type etc.	Statistical Analysis

Issue #3: Did the AHI provide housing that is affordable for its occupants and meet adequacy and suitability norms?

The evaluation will assess the affordability, adequacy and suitability of the AHI units for the households occupying the units. The evaluation will compare program performance among the various types of programs funded under the AHI and success will be measured by the relative performance by indicator by program type. The surveys will measure conditions in AHI cost-shared projects separately from cost-matched projects where data is available. Affordability, adequacy and suitability data will be collected through surveys of occupants.

The contribution of the AHI to assisting low-income households will be measured by the survey incidence of target households with no housing problems. It is expected that households will have adequate, suitable, affordable housing but the possibility remains that the new unit may be smaller or more expensive than provided for in the housing norms. Target households are households with incomes below the applicable Core Need Income Threshold or Household Income Limit. A second line of evidence regarding targeting to low income would be an analysis of waiting lists if such data were available. Program success with respect to achievement of housing norms applies to both phases whereas success in targeting benefits to low-income households is mainly relevant to Phase 2.

An ancillary issue is whether a program funded under the AHI provided more assistance than was necessary. For low income households (i.e. those who could not live in market housing without paying more than 30 percent of their income on housing), an indicator that too much assistance was provided would be their current shelter cost being less than thirty percent of their income (the accepted norm for affordability). For moderate income households who could afford to live in unassisted market housing, an indicator that too much assistance was provided would be their current shelter costs being less than unassisted market rents for comparable housing.

Indicators	Evaluation Methods & Data Sources
Percentage of residents with self reported affordability, suitability and adequacy problems (as defined by accepted social housing norms) by type of AHI program (e.g. Rental/home ownership, new construction/renovation, entrepreneurial/non profit, cost shared/cost matched, etc.).	Statistical Analysis Surveys of AHI Residents
Percentage of occupants with incomes below core need income thresholds for whom shelter cost to income ratios are less than 30% Percentage of occupants with incomes above core need income thresholds for whom shelter cost are less than market rents.	Statistical Analysis Surveys of AHI Residents
Trends in length of social housing waiting lists, average waiting periods, key informant opinion of waiting times, where available	Surveys of AHI residents Surveys of P/T officials, housing providers and stakeholders

Issue #4: What was the impact of the AHJ on long term project affordability and viability?

The federal AHJ assistance with financial contributions from P/T partners was intended to be sufficient to create housing that would remain affordable for a minimum of 10 years and economically viable over the mortgage amortization period. However an unexpected impact of these requirements could be the provision of more assistance than necessary, displacing potential investment from private developers and possibly creating excess profits for them.

To evaluate these impacts, the evaluation will first document the provincial and territorial governmental controls regarding the amount of assistance provided to projects and the rents that can be charged. Under the Agreements, the housing agencies are responsible for implementing appropriate controls and monitoring the housing portfolio developed to ensure the housing units remain affordable for the next 10 years. Control mechanisms adopted may include: operating agreements with housing providers, direct public ownership of AHJ projects/units, forgiveness of assistance over a period of 10 years, and requirements for repayment of assistance if the housing no longer meets the affordability requirement for the target groups.

Then occupant incomes, project rents, operating cost and financing cost will be projected over time for a sample of projects under the assumption that the projects adhere to the relevant program controls. Since there is bound to be uncertainty about the future values of these variables, many projections will be made for each project, each projection representing a different combination of values for each of the variables (the more likely values will tend to be used more often in the projections). The projections will be undertaken for different types of AHJ stock (i.e. rental and homeowner, and for public, non-profit and private housing).

The output from the analysis will be the average and variance of such indicators as the percentage of AHJ projects for which:

- ◆ rents will consume a larger percentage of occupant income within ten years, after ten years;
- ◆ costs will exceed market rents, financial problems emerge, default occurs;
- costs will fall below project rents (thus yielding excess profits to the owners).

With respect to those provinces that have used AHJ funding for rent supplements, the evaluation will examine guidelines on the operation of rent supplement units, the measures in place to address the phase-out of federal funding of rent supplement agreements with landlords after five years, and the potential for future housing affordability problems for residents. It will be necessary to determine how the addition and withdrawal of rent supplement units (i.e. the turnover in the stock) is managed in relation to client needs and eligibility for other housing assistance, for example through local housing authorities or priority systems for waiting lists. The financial analysis would develop estimates of the projected rent levels in rent supplement units at the end of the AHJ funding period and compare these rents with projected occupant income levels.

Indicators	Evaluation Methods & Data Sources
Program controls over AHI project rents such as operating agreements, progressive forgiveness, repayment requirements, and not for profit ownership	Review of program documentation and project operating agreements
The percentage of AHI projects for which rents will consume a larger percentage of occupant income within ten years, after ten years.	Risk Analysis of AHI Projects Administrative data Public data Housing provider survey Resident Survey
The percentage of AHI projects for which project costs (with or without energy efficiency features) will exceed market rents	
The percentage of AHI projects for which project costs will fall below project rents	
Provisions of operating agreements relating to termination of rent supplements	Review of program documentation and project operating agreements
The percentage of rent supplement units lost on expiry of agreements, and post-agreement rent levels	Risk analysis

Issue #5: What are the characteristics of households currently living in AHI funded projects?

Although Phase 1 of the AHI was not specifically targeted to lower income groups, many of the programs used to deliver AHI funding were designed to reach lower income clients. Phase 2 of the AHI was targeted to persons eligible for social housing. Therefore, the evaluation will assess the reach of the AHI to lower income individuals. The analysis will utilize standard housing benchmarks as well as more general indicators of low income used by Statistics Canada and other agencies. Where possible, indicators will be compared by program type and will be reported for comparison samples.

Some programs have given priority to particular types of client groups or certain types of housing in order to implement federal and provincial housing priorities. Therefore the evaluation will also provide profiles of the socio-economic characteristics of residents in AHI projects and units including: household size & types, age, incomes, ethnic backgrounds (i.e. Aboriginal and recent immigrants), and special needs. The evaluation report will interpret such profiles with respect to the targeting objectives of AHI programs specified in the schedules to the agreements. This analysis will provide information separately for Phase 1 and Phase 2. Some agencies have also expressed interest in the impact of the AHI on urban development using such indicators as journey to work patterns of residents, occupations, and brownfield versus greenfield site development.

The evaluation will also examine the impact of cost-sharing and leveraging of other funds on the reach of the AHI in terms of depth of subsidy and client incomes. This analysis should compare cost-shared with cost-matched units included in the Initiative.

Indicators	Evaluation Methods & Data Sources
Percentages of AHI households with incomes below standard benchmarks (CNIT, HIL, Low Income Cutoff etc.)	<p style="text-align: center;">Statistical Analysis</p> <p style="text-align: center;">Survey of AHI Residents</p>
Percentages of AHI households by (for example): <ul style="list-style-type: none"> • Disability status • Household size, type, age (family, seniors, single persons) • Income range • Ethnic background, Aboriginal status, immigrant status • Occupation, journey to work distance • Presence of members with other special needs • Brownfield development, intensification 	<p style="text-align: center;">Statistical Analysis</p> <p style="text-align: center;">Survey of AHI Residents</p> <p style="text-align: center;">Survey of f/p/t officials</p> <p style="text-align: center;">Survey of housing providers</p>

Issue #6: Have the AHI framework and agreements provided adequate accountability mechanisms and communications procedures?

As described in the program logic section, the Initiative employs a number of procedures intended to implement the housing objectives of the signatory jurisdictions. Of these, the accountability framework and the communications protocol are administrative controls that ensure that governments have adequate data on program activity and that the public is aware of the roles of the parties to the agreements. Interest has been expressed in the implications for administrative control of delivering social housing subsidies through the AHI structure.

The requirements for program data as specified in the accountability schedules to the bilateral agreements specify data to be provided by provinces and territories to CMHC. One criterion for the success of accountability provisions of the agreements is that the parties have access to the necessary program activity data to allow them to fulfill their information needs and their respective reporting requirements. If they can also make their AHI performance measurement reports fully and in a timely fashion, the reporting provisions can be considered adequate. If reports are delayed or incomplete this indicates non-compliance with accountability provisions. Indicators of success are thus timeliness and completeness of reports. If reporting is not timely, the evaluators will conduct case studies of delayed or incomplete reports to determine if provincial and territorial data reporting has met the requirements of the agreements. Another criterion is that the accountability provisions provided all the desired and effective remedies in case of non-compliance by any participant.

Public awareness of the roles of the partners in the AHI is determined largely by the communications responsibilities of the parties, which are described in schedules to the agreements called Communications Protocols. The protocols make provisions for joint planning committees and for procedures for communicating with applicants and with the public. Communication success can be evaluated by measuring the knowledge of applicants and of residents about governments' roles in the AHI. The evaluation will conduct a review of files for the accounts sampled for the housing provider surveys (see issues #1 and #2) to see what

information was provided to applicants. Housing provider survey questionnaires will also include questions to providers about their knowledge of the roles of government in the Initiative. Occupants of AHI housing will be asked similar questions.

A second line of inquiry regarding communications would be to measure the satisfaction of housing officials regarding the visibility of their agencies in AHI public announcements and to examine the activities of the joint planning committees. Since the officials' survey is planned to support a number of issues, the cost of including such questions would be marginal.

As a possible third line of inquiry, the evaluation will investigate the feasibility of doing a content analysis of public announcements regarding the accounts sampled for the housing provider surveys. Media coverage for the sampled accounts would be examined and references to the participating agencies would be noted.

Indicators	Evaluation methods and data sources
Performance reporting is on time or is delayed because of inadequate input data. Data series in reports are complete or lack key elements Instances of non-compliance with program guidelines or agreement provisions have been resolved.	Dates of performance measurement reports. Report content. Case studies of late or incomplete reports. F/P/T officials surveys
Level of applicant and occupant awareness of federal, provincial and territorial roles in AHI F/P/T housing official reports of satisfaction with AHI communication. Press releases and broadcast media stories contain balanced references to AHI partner agencies.	Housing provider survey Resident survey F/P/T officials surveys Content analysis of media items and features

Issue #7: Did the AHI improve housing conditions and quality of life for the occupants of the housing?

Provision of housing assistance is expected to improve the housing conditions and quality of life for households directly benefiting from the expenditures. The evaluation will determine the extent to which occupants of AHI projects versus households in comparison groups have experienced improvements in housing conditions since moving to AHI housing. Key indicators are affordability, adequacy, and suitability, and, for persons with disabilities, accessibility. Resident satisfaction with other housing conditions and housing management is also a summary indicator of perceived quality of life in current and former housing. Where possible, indicators will be compared by program or client type.

The evaluation will also seek to assess the contribution of the Initiative to improvements in the quality of life for households benefiting from the housing in terms of indicators of social and economic well-being. While it may be too soon to assess the full effects in some areas (for example, impacts on child development), the evaluation will consider areas of social well-being

such as improved safety, security of tenure, neighbourhood quality, physical and mental health, and family and social relations. For special needs groups, additional factors include improved independence for activities of daily living, and the benefits of supportive living environments. Indicators of economic well-being include factors such as education or training, labour force participation, ability to find better jobs, obtaining higher incomes and reduced dependence on social assistance. Improved well-being is expected to lead to reduced dependency on social services leading to lower costs for public services.

Previous CMHC social housing evaluations have developed survey instruments to assess quality of life impacts, and data is available from other evaluations that could be used as benchmarks for comparative analysis with the AHI. As an extension of this approach, the evaluators will examine the feasibility of estimating the value of such impacts to AHI households. Such a valuation would contribute to the precision of the cost-effectiveness studies, described below.

Indicators (Differences between changes reported by AHI beneficiaries and non-beneficiaries)	Evaluation Methods & Data Sources
Difference in self reported indicators of housing problems (e.g. affordability, suitability, adequacy), accessibility, satisfaction with housing conditions & housing management.	<p style="text-align: center;">Statistical Analysis Econometric analysis</p> <p style="text-align: center;">Surveys of AHI Residents & Comparison Groups</p>
Difference in self reported security of tenure and turnover data if available	
Difference in self reported housing quality (security from crime, fire, and home accidents, noise level, temperature control, ventilation, light, pests, moisture, molds, etc.).	
Difference in self reported neighbourhood quality (e.g. Resident education levels, incomes, labour force attachments etc., crime rates, family violence rates, drug & alcohol abuse rates, access to public services such as schools, social services, police services, transportation services etc., condition of public infrastructure, condition of houses, access to consumer goods and services, employment, etc.).	
Difference in self reported mental and physical health status, family & social relations, & education performance of children, and use of public services between program group and control group.	
Difference in self reported senior's independence and accessibility for persons with disabilities.	
Difference in self reported earned income/work effort/labour force attachment/ welfare dependency.	
Valuation of housing improvements by AHI households	Contingent valuation analysis implemented through resident surveys

4.3 COST-EFFECTIVENESS

Issue #8: Is the AHI a cost-effective instrument for increasing affordable housing supply and delivering low-income housing assistance?

Cost-effectiveness analysis requires the definition of a consistent unit of program output then compares the total output for a program to the total program cost on a per unit basis. The output measure is expressed per program dollar. Total costs include subsidies, administrative costs, and costs to beneficiaries, such as application costs. The analysis requires that at least one alternative program be available to give some context to the final unit costs. The alternative is typically some actual program that is active or has been delivered at some time, but it is also possible to design a hypothetical delivery alternative that captures the key variables of the program being analysed. The evaluation will conduct several comparisons based on the two phases of AHI activity to assess the effectiveness of:

- ◆ Phase one programs in increasing low end of market housing supply;
- ◆ Phase two programs in increasing low end of market housing supply;
- ◆ Phase two programs in providing targeted low-income housing assistance.

Phase one supply effectiveness:

The primary federal housing objective at the inception of the AHI was housing supply at the lower end of market rents. The program benefit to be examined may be measured in a number of ways. The simplest is the count of AHI units that have rents below a program target level. This may be the mean or median of the market rents or some other target. Such a measure captures the basic supply objective of the AHI but it does not recognize a difference between low-rent units marginally below target levels and low-rent units substantially below target levels. An alternative measure would be the value of rental reductions provided by all AHI projects included in the analysis. The value will be measured as the difference between the AHI unit rent and the alternative market rent available to the occupant. This difference or gap would be accumulated over the term of the operating agreement with the delivering agency. This value should be expressed as a per-unit average then multiplied by the number of units produced to estimate the total rent gap produced by the Initiative. Definition of the benefit in this way allows a rigorous economic comparison of alternative programs that may differ in terms of their duration and depth of subsidy. The evaluation report will probably use both measures.

Program costs for all cost-effectiveness comparisons will include contribution (subsidy) amounts and all administrative costs to federal and provincial housing agencies. Costs to other agencies that contribute to the provincial share, whether capital amounts or the present value of streams of continuing benefits, as well as costs to program participants, such as application expenses, will also be included.

AHI phase one supply effectiveness would be measured as the total program outcome per program dollar. This can be compared to the same measure for phase two projects to establish the relative effectiveness of the approaches to supply assistance that underlay each phase.

Phase two supply effectiveness:

The analysis of phase two supply effectiveness would employ the same measures as the phase one analysis. The program output would be any of the measures discussed under phase one and they would be compared with total program costs. It is to be expected that phase two housing output measures will reflect smaller numbers of units but deeper impacts on project rents, given the larger subsidies available. The comparison analysis would use phase one supply effectiveness and may consider using other rental programs.

Phase two targeted assistance effectiveness:

For this issue, one measure of program benefits is the number of targeted households with incomes below an identified threshold living in AHI projects. The Core Need Income Threshold and the Household Income Limit are possible thresholds defining low-income, but different eligibility thresholds may have been employed in different provinces.

An alternative to counting households is a comparison between the shelter-cost-to-income ratios (STIRs) of low-income AHI households and STIRs of a comparison household sample. This measure is better because it gives a magnitude to the rent reductions received by beneficiaries which can be compared to program costs. However, if average STIR were found to be less than 30 percent, this would indicate that excessive assistance was being delivered. This could be avoided if the rent gap were calculated on the difference between rent set to 30 percent of income and the market comparison rent.

There are several choices for determination of market comparison rent. It could be based on published data for low rent units (CMHC Rental Market Surveys) or low income households (Census) or on occupant survey data from comparison households. As in the housing supply analysis, the program outputs would be accumulated over the term of AHI operating agreements and expressed per program budget dollar.

The comparison program would be targeted non-profit programs employing continuing operating cost subsidies. The post-1985 Section 95 Non-profit Housing Program would be a candidate. This would likely involve a number of adjustments to program data to allow comparisons with current development costs.

Interpretation of results:

The use of consistent program output measures and program costs allows the output to be assigned to all occupants, low-income households and other households. This is not a cost-benefit analysis because a range of benefits are not measured. In particular, it may be true that a dollar of rental reduction is a greater benefit to a household whose income of half of the market average than to a household with income equal to the average. However, the analysis

will show the relative size and distribution of benefits from the AHI to low-income households and to households in general by phase.

Existing housing:

The majority of the foregoing discussion applies to new rental and ownership housing. Capital subsidies for rehabilitation can affect supply by preventing demolition or removal of units from the market. Owners or housing project managers will be asked to indicate whether demolition or removal from the stock was an option as part of the estimation of the unit output of the AHI. The effectiveness comparison here would be new construction.

Rent supplement programs employ existing housing. This cannot increase the supply of housing and consequently rent supplement activity would be netted out of the supply effectiveness analysis but would be part of the low-income support analysis.

Indicators	Evaluation Methods & Data Sources
<p>Supply effectiveness (Phase 1 & 2):</p> <p>Count of units with rents below market comparison levels.</p> <p>Difference between AHI rents and available market rents for comparable units accumulated over terms of operating agreements for AHI portfolio. This number is divided by the total program cost.</p>	<p>Cost-effectiveness Analysis</p> <p>Administrative data Public data (Census, Rental Market Survey etc.) Occupant/comparison surveys Survey of federal and provincial officials Expert Opinion / Existing literature</p> <p>Housing provider surveys (application costs, avoidance of demolition)</p>
<p>Low-income support effectiveness (Phase 2):</p> <p>Numbers of low-income households served per program dollar.</p> <p>Difference between STIR for low income households and STIR for comparison households. This number is divided by the total program cost.</p>	<p>Cost-effectiveness Analysis</p> <p>Administrative data Public data (Census, Rental Market Survey etc.) Occupant/comparison surveys Survey of federal and provincial officials Expert Opinion / Existing literature</p> <p>Housing provider surveys (application costs, avoidance of demolition)</p>

5. DATA SOURCES

To address the issues identified above, the evaluation will employ multiple lines of evidence including quantitative and qualitative data. Quantitative data will be drawn from administrative data files, published data, and surveys undertaken for the evaluation. Analysis of the quantitative data will employ a variety of techniques including descriptive and inferential statistics, Monte Carlo risk analysis, structural equation modeling and simulation, and cost-effectiveness. Qualitative data will consist of literature reviews and expert opinion.

5.1 LITERATURE REVIEW/EXPERT OPINION

Literature reviews and expert opinion will be used to examine the rationales for government assistance to increase the supply of affordable housing and for government housing assistance for low income households.

5.2 PUBLIC DATA

Statistics Canada and CMHC publish data series on social and housing conditions in Canada and these will be used in the evaluation. The major Statistics Canada data products are the census, the Labour Force Survey, health surveys, and the General Social Surveys. The CMHC products most relevant to the evaluation are the Rental Market Survey and the core housing need estimates. Data from previous CMHC housing program evaluations will also be used where appropriate for comparative purposes.

5.3 ADMINISTRATIVE DATA

Existing administrative data maintained and reported by the provincial and territorial agencies under the Accountability Frameworks in the agreements will provide baseline information on the types of units funded under the Initiative. A major task will involve assembling contact files for the purpose of sample selection. In order to implement the surveys sponsor, operator, project, and unit address data is required, in addition to data on project characteristics and program parameters. Such data will be required for AHI projects and projects in cost-matched programs.

Should the evaluation decide to use social housing applicants as a comparison population, provincial and territorial agencies will be asked to approach major social housing operators for access to social housing waiting lists.

5.4 RESIDENT/COMPARISON HOUSEHOLD SURVEYS

A very important data source that is a staple of all social housing evaluations is the resident survey. Data from residents of program projects and from comparison groups contribute to the analysis of almost all evaluation issues.

Three types of survey methods have been used, mail, telephone and personal interviews, depending on the client groups involved. The feasibility of each method depends on the availability of project and unit addresses and occupant names and telephone numbers. This information will have to be obtained from the program delivery agencies or the housing providers or project sponsors. The survey method will be finalized after consultation with the P/T agencies on the availability of information.

Sample sizes depend on the number of sampling criteria used in the sample design. The planned accuracy of estimates of incidences within any survey stratum is within plus or minus 7 percent of a population incidence, 19 times out of 20. This level of accuracy has been employed in CMHC's past evaluations.

Evaluations normally gather data on the housing conditions of comparison populations that have not participated in housing programs. This usually requires administering a survey questionnaire to a sample of comparison households that is consistent with the program resident questionnaire. The key problem is to identify a comparison group that is sufficiently similar to the characteristics of the client group.

The number of completed survey responses within each sample cell is about 200 (given the accuracy parameters cited above) for large populations if simple random sampling were possible. This is largely unavoidable for rural or remote programs. However, random sampling of households can be very costly since the work of identifying project addresses and management contacts yields only one or a few target households. The alternative is to sample housing projects or markets (known as clusters) and then sample larger numbers (possibly all) of households in the cluster. Cluster sampling usually requires larger sample sizes than simple random sampling but can be cheaper, given the efficiency of contacting fewer individual projects. The sampling design will be developed further before the data collection contract is awarded.

While the evaluation plan will report results by program type for Canada as a whole, the data collection program will ensure that agreed minimum levels of survey coverage are provided for all provincial and territorial housing programs. This data will be made available to all housing agencies participating in the evaluation for their program accountability and reporting requirements. The proposed sample plan is shown in Table 5.

5.5 SURVEYS OF OFFICIALS, HOUSING PROVIDERS AND HOUSING STAKEHOLDERS

The evaluation will include surveys of housing agency officials, housing providers (sponsor organizations and project managers) and housing interest groups to assess the relevance and success of the Initiative from multiple perspectives. In particular, the surveys will examine how the Initiative responds to needs and priorities, and identify any perceived gaps and barriers in addressing needs.

♦ **Federal, Provincial, Territorial & Municipal Officials**

Since the Initiative is delivered by provincial/territorial agencies through provincial and territorial programs, it is essential to obtain input from these agencies on the relevance, success and costs of the Initiative in meeting housing needs and priorities. In some jurisdictions municipalities are also actively involved in program funding and delivery, and in determining housing priorities. This survey will also investigate unmet needs for specific target groups and investigate possible barriers to the success of the Initiative. As an additional line of evidence, a similar survey will be administered to CMHC program and policy staff at National Office and in the regions. The survey will also include representatives of municipalities in major centres, rural areas, and remote areas. The survey would combine mail, e-mail, telephone and personal interviews.

Although the Province of Quebec is undertaking an evaluation of AHI activity in its jurisdiction, it is proposed that provincial officials in Quebec be included in this survey to obtain their feedback on how the Initiative has addressed their needs.

♦ **Housing providers: Sponsor organizations and private landlords**

The evaluation will include a survey of owners of housing projects developed under the AHI, such as public housing agencies, public and private non-profit housing providers, housing co-operatives, and private landlords. The sample will be designed to include representation of the types of groups that received funding under the Initiative outside of the Province of Quebec.

The survey questionnaires will be designed to be completed by those persons involved in the development or operation of AHI housing projects. These persons may include officials in public housing agencies, board members or project managers of non-profit corporations, and developers or managers of private sector projects.

♦ **Housing stakeholder groups**

Housing groups can provide another perspective on the success of the Initiative in meeting housing needs at the community level and the evaluation will include a survey of national and regional organizations as well as immigrant organizations, Aboriginal housing groups, and representatives of persons with disabilities.

**Table 5
Affordable Housing Initiative Survey Sampling Plan**

Jurisdiction	Estimated Sample size requirement						
Resident survey							
	Rental	Owner	Remote	Repair	Senior	Match	Total
Newfoundland	35	0	0	0	0	35	70
PEI	20	0	0	0	0	5	25
Nova Scotia	35	5	0	35	0	0	75
New Brunswick	10	0	0	0	0	35	45
Quebec (1)							
Ontario	65	0	35	0	0	15	115
Manitoba	35	25	0	25	0	25	110
Saskatchewan	35	25	20	0	0	0	80
Alberta	65	0	5	0	0	0	70
British Columbia	65	0	0	0	170	0	235
Northwest Territories	15	35	0	0	0	0	50
Nunavut	0	35	0	0	0	0	35
Yukon (2)							40 est.
Rental phase 2	400						400
CANADA	780	135	60	90	170	115	1,350
Comparison households							
CANADA	720		240				960
Housing providers (project sponsors)							
Private							100
Non-profit							100
Housing providers (comparison)							
Private							100
Non-profit							100
Federal/provincial/territorial/municipal officials							
Provincial/territorial							65
CMHC							20
Municipal							50
Housing stakeholder organizations							
CANADA							60
1. Provincial survey 2. Distribution to be determined							

6.0 ANALYTICAL METHODS

The evaluation will employ multiple lines of evidence, matching specific methods to the requirements of specific issues. For example, quantitative analysis is applicable to much of the data supplied through survey questionnaires but qualitative methods may be required for open-ended responses. Key informant opinion and literature reviews are appropriate for some issues to which survey methods are inapplicable. Issue #4, that deals with expectations of long-term affordability, will be approached using simulation methods.

6.1 STATISTICAL ANALYSIS

The core analytical technique will be a statistical description of the characteristics of program clients and projects and of comparison clients and projects based on primary survey data and secondary sources (administrative files and published statistical series). Many of the indicators for issues have been described in terms of comparisons, either before/after or program/non-program. Such indicators will be different for all comparisons and statistical testing will be used to separate differences that could be due to sampling error from differences that more likely reflect differential impacts, circumstances, or conditions.

6.2 RISK ANALYSIS

Issue #4 on long-term affordability and viability will examine the future rental economic prospects of a sample of projects developed under AHI. Projects may become progressively less affordable if costs rise faster than revenues or more affordable if revenues rise faster. They may also remain approximately the same as when developed. These states cannot be known with certainty and simple forecasts of the future levels of costs and revenues tend to be error prone. In addition, the assumptions imbedded in such forecasts may be contentious. The evaluation proposes to use a risk analysis that employs distributions of the general trends and random fluctuations in key variables in a computer-based or Monte Carlo simulation. The analysis calculates thousands of future scenarios and reports the results in terms of cumulative monetary indicators such as total surpluses, total deficits, rent levels and rents in relation to market averages.

A sample of AHI projects will be selected for detailed analysis of project capital costs and operating revenue and expenditure analysis. For capital costs, the analysis will examine the amount of AHI assistance provided in relation to total project costs, and assess the required levels of assistance to create units within affordability benchmarks. With respect to operating finances, the analysis will examine trends in revenues and expenditures to determine potential financial risks to the on-going affordability and viability of the projects over a ten year period. Data will be compiled from initial project approvals and commitment forms, and from audited financial statements. These data will be requested from housing agencies. Data from mortgage insurance applications may also be useful.

6.3 ECONOMETRIC ANALYSIS

Simple statistical tests sometimes are sufficient to identify non-random differences in measured indicators. However, frequently the measured indicators are affected by many factors in addition to the program mechanism as described in the logic section. In these cases multivariate statistical methods are required. Of these, econometric analysis provides clear diagnostics that are well understood by researchers in most fields. Issue #2, dealing with the supply impact of the AHI, has to consider the possibility of displacement of private investment by public subsidies. This is normally done using a stock-adjustment model of rental housing supply, based on time series data. Experts may be hired to provide advice on the best econometric methods to use or to undertake the analysis independently themselves.

6.4 COST-EFFECTIVENESS ANALYSIS

A special study will be required to address cost-effectiveness issues as outlined in Section 4. Cost-effectiveness studies typically involve the detailed compilation of program costs, including both subsidies and administrative costs, and the definition of a standardized unit of program output.

6.5 PEER REVIEWS

The draft evaluation reports will be submitted to at least three evaluation experts for review. The evaluation experts will be asked to assess the validity of the findings and whether the conclusions follow logically and directly from the findings. Experts would normally be selected by an evaluation advisory committee reporting to the Director of Audit and Evaluation Services.

7.0 EVALUATION TIMETABLE

Assuming that the provincial and territorial review of the plan is complete by September 2007, a draft evaluation report would be available for MC consideration by November 2008. Publication of the final report would occur following approval by CMHC management.

Table 5: Timing	
	Completion Date
Planning Phase	
• Provincial and territorial review of the evaluation plan	September 2007
• Finalization of the Evaluation Framework & CMHC Management Committee approval	December 2007
• Request for Proposals and contract signing,	January 2008
Conduct Phase	
• Data collection and survey plan,	February 2008
• Administrative data collection survey sample development, questionnaire design	February 2008
• Surveys completed (resident, comparison, officials, providers, stakeholders), modeling, simulation	August 2008
• Analysis	July 2008
Reporting Phase	
• Draft evaluation report & peer review	September 2008
• Advisory committee review of evaluation report	November 2008
• Revised evaluation report submitted to MC	November 2008

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