EVALUATION OF THE RURAL AND NATIVE HOUSING PROGRAMS:

MAIN REPORT

MAIN REPORT

The following provincial and territorial housing agencies contributed to the costs of external data collection and provided advice during the planning, analysis, and write-up stages of the evaluation:

Newfoundland and Labrador Housing Corporation
New Brunswick Housing Corporation
Société d'habitation du Québec
Ontario Ministry of Housing
Manitoba Department of Housing
Saskatchewan Housing Corporation
Alberta Municipal Affairs
Northwest Territories Housing Corporation

Program Evaluation Division
Canada Mortgage and Housing Corporation

February, 1992

Ce rapport est aussi disponible en français auprès de la Division de l'évaluation de programme.

TABLE OF CONTENTS

APPENDICES TO CHAPTERS I TO XIII

I INTRODUCTION

A. Reasons for the Evaluation

The Rural and Native Housing (RNH) programs provide homeownership, rental, and home repair assistance to low-income households experiencing housing problems and living either in a community of 2,500 or less in population or in a rural area. The RNH programs complement the non-profit housing, rent supplement, and urban Native programs which assist households with housing problems living in urban areas.

There are several factors that have contributed to the need for a reassessment of the RNH programs:

- a substantial number of housing units have been built or acquired since the programs began in 1974;
- arrears in payments for the mostly owner-occupied stock have reached 30 per cent or higher in some provinces;
- repair requirements are also high in some areas, particularly remote[1] areas, reflecting the more rapid deterioration of units;
- negative community reaction to the programs has been experienced in some locations;
- when the Federal government introduced the new social housing programs in 1986, few changes were made to the existing RNH programs. However, at that time a self-help program was introduced on a demonstration basis. A comparative evaluation with the regular programs can now be undertaken in order to ascertain whether the self-help program represents a viable alternative; and
- the last comprehensive review of the RNH programs was undertaken in 1980. CMHC has adopted the Office of the Comptroller General guidelines calling for the periodic review of programs.

In view of the above factors, the evaluation provides evidence on the continuing need for the RNH programs, the extent to which they have achieved their objectives, other impacts and

---

[1] There is no definition of a remote area for purposes of the RNH program. Remote is defined in this evaluation as being locations which are difficult to access based on the experience of local CMHC branch office RNH program officers. For the distribution of communities by remote/non-remote, refer to Table 1.1.2 in Appendix I to this chapter, found at the end of the report.

effects they have had and their cost-effectiveness compared to the alternatives. It essentially assesses current program performance as one basis for considering improvements. The evaluation results feed into the policy and program development process.

B. Scope of the Evaluation

The evaluation includes an analysis of the following programs: the RNH Homeowner, Rental and Lease-Purchase programs, the RNH Demonstration program, the Emergency Repair Program and the RNH Training programs, as well as the Federal/Provincial Basic Shelter Program in New Brunswick and the Federal/Territorial Homeownership Assistance Program in the Northwest Territories. These programs comprise the main initiatives on the part of the federal, provincial and territorial governments to address off-reserve rural housing problems.

Rural RRAP is not included in this study since an evaluation of RRAP was completed in 1986.

C. Provincial/Territorial Involvement

In accordance with the joint evaluation arrangements of the 1986 Global and Operating Agreements this evaluation has been conducted in partnership with the following provincial and territorial housing agencies:

Newfoundland and Labrador Housing Corporation
New Brunswick Housing Corporation
Société d'habitation du Québec
Ontario Ministry of Housing
Manitoba Department of Housing
Saskatchewan Housing Corporation
Alberta Municipal Affairs
Northwest Territories Housing Corporation.

All eight agencies cost-share the key programs under review[1]. In addition, all contributed funds to help defray the costs of external data collection associated with the evaluation.

Throughout the planning and conduct of the RNH evaluation, CMHC engaged in extensive discussions with officials from cost-sharing provincial and territorial housing agencies. In the planning stage, CMHC Program Evaluation staff met with provincial/territorial evaluation representatives to discuss the joint evaluation approach and with program staff to discuss evaluation issues. Throughout the conduct of the

---

[1] The exception is Saskatchewan which, since 1987, no longer cost-shares in the delivery of RNH housing. All new units are now directly delivered by CMHC.

study, provincial and territorial partners, under the joint evaluation approach, provided comments and suggestions on the design and content of surveys and provided assistance to consultant staff during the field work. They have also extensively reviewed drafts of this document.

D. Native Housing Group Involvement

CMHC Program Evaluation staff consulted with many Native housing groups, as a major client and delivery agent for the RNH programs, during the planning and conduct of the evaluation. A National Native Housing Workshop was held in Ottawa in July 1988. Representatives of Native RNH Delivery Groups, other provincial/territorial Native housing groups and the Native Council of Canada participated in discussions on the proposed evaluation approach and identified their concerns regarding the design and operation of the RNH programs. During the data collection activities, these groups provided assistance to the study team. The preliminary results of this evaluation were presented to representatives of Native groups at a housing workshop held in Ottawa in March of 1990.

Meetings were also held in the fall of 1988 with the Northern Association of Community Councils (NACC, Manitoba) and the Saskatchewan Association of Northern Local Governments (SANLG) in Winnipeg and Prince Albert respectively, to discuss the RNH evaluation and their views on the RNH programs.

E. Data Sources

As part of the RNH evaluation, a number of data collection activities were carried out to gather new information about units, clients and perceptions of the programs. These were in addition to the consultations and discussions noted above. These activities are briefly described below.

1. RNH Administrative Data

A complete and up-to-date database was prepared consisting of unit identification, location, program and tenure and other commitment information on all RNH units. Data were assembled from available CMHC sources and then verified and updated by CMHC branch offices. Provincial/territorial agencies assisted in updating the data for units where they are the Active Party. The database contains basic administrative data for all units which were committed under any of the RNH programs and which were occupied and under administration as of August 31, 1988.

2. RNH Physical Condition Survey

The Physical Condition Survey resulted in the inspection of 3,769 RNH Regular, RNH demonstration, F/P Basic Shelter and F/T HAP units across the country. The units were selected,

based on a combination of cluster and random sampling for provinces with a large portfolio and certainty selection for demonstration units and provinces with a small portfolio such as the Yukon and Prince Edward Island (see Appendix I to this chapter), to represent all occupied units under administration as of August 31, 1988. Each unit in the sample was visited by a CMHC building expert who recorded the unit characteristics, dwelling condition and work requirements on a specially designed survey instrument. Regional briefing sessions were held to ensure that the building experts were familiar with the data requirements of the evaluation and the use of the instrument. The inspections were carried out between November 1988 and March 1989. The information from the survey instruments was computerised at CMHC National Office and a physical condition database was created.

3. RNH Client Survey

The RNH Client Survey was completed resulting in 3,173 households being interviewed, either in person or over the telephone. Respondents were selected from dwellings included in the RNH Physical Condition Survey sample. A small sample of Emergency Repair Program recipients was also surveyed (further information is included in Appendix I to this chapter on how the sample was selected and on the weighting scheme). A survey questionnaire was developed which was designed to collect information from clients on their household, their house, and their experiences with the programs. Special care was taken to ensure that the questions were clear and easy to answer and the interviewers were trained to record all comments and opinions expressed by the respondents. The survey interviews were conducted between January and April 1989. The consultant, Ekos Research Associates, prepared a computerised database of the information collected using the questionnaire. Only 2 per cent of the households contacted refused to participate in the survey as confirmed by follow-up telephone contacts by the consultant.

Data reflecting some administrative procedures under the RNH programs were collected through the client survey. These include RNH counselling activity and portfolio management practices (e.g. payment reviews) as well as information on client downpayments and sweat equity and on incomes and payments (from which payment-to-income ratios were calculated). This data is a key source for some of the analysis of the effectiveness of the administration of the program. It should be noted that it was not verified with the actual administrative records, and consequently that the degree of correlation between client recollections of these administrative procedures and the official records is not known.

4. Survey of Native Cadre Trainees

A survey of current and former Native cadre trainees was completed by the consultant, Prairie Research Associates of Winnipeg. In total, 158 former Native cadre trainees responded to the questionnaire. Of those cadres who were mailed a questionnaire or who were telephoned, 83.6 per cent replied to the survey. A self-completion mailout questionnaire was used which contained questions on the cadre's training activities, employment history and satisfaction with the cadre experience. The questionnaire also included a number of open-ended questions which provided opportunities for respondents to offer additional comments on their participation in the program. The survey was conducted in February and March 1989. Native Delivery Groups and CMHC branch offices provided assistance in helping the Program Evaluation Division to verify current addresses and telephone numbers of current and former cadres as of June 1988.

5. Survey of RNH Secondees

Questionnaires were mailed by CMHC in May 1989 to housing professionals who were seconded between 1974 and 1988 to assist Native groups in their delivery of the RNH programs, including the Emergency Repair Program. Of the 19 questionnaires mailed, a total of 12 replies were received for a response rate of 63 per cent. Secondees were asked to describe their professional background, how they were chosen for the assignment, their work experience with the Native group and their assessment of the results of their secondment.

6. Survey of Community Representatives

The Coopers and Lybrand Consulting Group administered a survey of community representatives. In total, 1,606 persons in a representative sample of communities with RNH housing were mailed a questionnaire in April 1989, of whom 845 individuals responded. Representatives included elected, religious and Native spokespersons from a cross-section of communities in all provinces and territories. Information was received from a total of 512 communities. The survey was designed to measure community perceptions and attitudes towards the RNH programs using information from individuals with some knowledge of their community. The data from the questionnaire were computerised by the consultant. A chart showing the number of responses received per community and the number of communities from which replies were received is provided in Appendix I to this chapter.

7. Survey of Program Officers

A survey of RNH program officers was conducted by the Coopers and Lybrand Consulting Group requesting staff for their views about the design, planning, delivery and administration of the

RNH programs. Employees from CMHC branch offices, provincial/territorial housing agencies and Local Housing Authorities in the Northwest Territories were included in the sample. From a total of 97 questionnaires mailed to CMHC and the housing agencies in May 1989, 64 responses were received and computerised by the consultant, representing a response rate of 62 per cent. A separate questionnaire was designed and mailed to 46 LHA's, of which 25 or 54 per cent responded.

8. Survey of Delivery Agents

RNH Delivery Groups were also sent a questionnaire concerning the size, structure and operation of their organisation. Out of 16 groups, 12 were visited and interviewed by a representative of the Coopers and Lybrand Consulting Group. The interview covered all aspects of delivery group operations including delivery activities and fees, training, community relations and TMC activities.

F. The Rural and Native Housing Programs

A brief history of the development of CMHC's Rural and Native housing programs is provided below. This is followed by a series of individual profiles which provide a description of the programs concerned.

1. The Early Program

Between 1965 and 1973, housing units were constructed in the remote areas of Alberta, Saskatchewan and Manitoba under federal/provincial agreements with each province. Through this Remote Housing program, 16 units were provided in Alberta, 925 in Saskatchewan and 452 in Manitoba. The province was the partner responsible for the administration of the program in each case.

Modest, low-cost (approximately $10,000 per unit) units were constructed for sale to persons of Indian and Métis extraction. The purchaser paid a monthly payment based on income. The federal/provincial partnership provided assistance equal to the difference between the household's payment and the cost of amortising the mortgage. The purchaser was expected to remain in occupancy and to make regular payments in order to continue to receive the assistance.

In the early 1970's, representatives of Métis and non-Status Indians began to lobby intensely to focus federal attention on the very poor housing conditions among these groups and the need to provide more homeownership housing. Native Canadians (Status and non-Status Indians, Métis and Inuit) were widely recognised as being the most poorly housed of all low-income people. It was estimated that between 15,000 - 50,000 units were needed to eliminate substandard housing conditions among all Native people in Canada, on- and off-reserve.

After internal study and consultation with Native groups and federal and provincial agencies, CMHC formally committed itself to the provision of housing for Natives and other residents of rural areas in 1974. The new policy on rural and Native housing had an explicit quantitative objective: a target of 50,000 units was to be constructed, acquired and/or rehabilitated over the five-year period 1974-1978. Within this target, there was to be an equal number of new and rehabilitated units. A second objective of the new policy was qualitative in nature: to ensure that maximum client involvement took place in all aspects of the development of housing projects. Client involvement was viewed as an important factor not only for the successful delivery of suitable housing projects but also to ensure that the provision of housing furthered the achievement of broader social and economic development goals. A variety of program vehicles were adopted to implement the new policy. The full complement of rural programs is outlined in Table 1.1.

The principal vehicle for implementing the new rural and Native housing policy, the Rural and Native Housing program, was announced on March 7, 1974. Its two broad purposes were:[1]

- "To ensure adequate housing for low income persons in rural areas and small communities with a population of 2 500 or less"; and

- "To motivate and help the program's clients to solve their housing problems through their own organization and efforts by providing the opportunity for optimum client involvement in the planning and building of the units".

The RNH Homeownership program was authorised under Section 79 of the NHA. Section 79 housing development funding was made available to low-income people in designated rural areas. In those cases where homeownership was less feasible or appropriate (as with elderly or handicapped clients), Section 79 funding was used to secure rental units, to be managed by whichever agency was the "active partner" in the administration of the program.

Shelter payments were determined on a payment-to-income scale. The difference between what the client can pay (up to a maximum of 25 per cent of adjusted annual family income, or AAFI) and the amount necessary to cover a 25-year amortisation of the principal amount, interest, taxes and legal costs is subsidised by the federal and provincial governments in ratios of 75 per cent and 25 per cent, respectively. Client equity, chiefly in the form of labour (sweat equity), was to be encouraged.

---

[1] Guidelines and Procedures Manual, 1975.

With the creation of the RNH program, the Residential Rehabilitation Assistance Program (RRAP) was also extended to rural areas. RRAP provided loans of up to $5,000 per unit for repairs or rehabilitation to bring dwellings up to local housing standards. The rehabilitation had to increase the economic life of the unit by at least 15 years, and had to be comprehensive. Depending on the income of the client, part of the loan could be forgiven. Priority for RRAP loans would be given to large families and those whose units had a "demonstrable threat to safety".

In cases where Section 79 units were not available, and RRAP was inappropriate because the economic life of the unit could not be extended for 15 years (at least not within the RRAP loan maximum), clients had access to grants under the Emergency Repair Program (ERP). ERP replaced the Winter Warmth Program and provided grants of up to $1,500 on a one-time basis for emergency repairs to alleviate serious health and safety hazards. ERP was intended to serve as an interim solution to serious housing inadequacies in cases where Section 79 units could not be made available immediately. ERP was administered by and for Métis and non-Status Indians as well as Status Indians living off-reserve. Non-Natives requiring assistance were also eligible.

In order to address the second objective of the RNH program, funds were also made available to strengthen the organisational capacity and develop the human resources necessary for effective delivery by Native groups. Assistance to delivery organisations consisted of operating grants and partially forgivable loans for project development.

Further grants were made available to fund activities related to enhancing the skills of Natives involved in housing delivery and administration. Through the Native Cadre Training program, individuals from Métis and non-Status Indian organisations could be sponsored at branch, provincial and national CMHC offices to learn about housing program delivery and project management. CMHC professional and technical personnel could also be seconded to Métis and non-Status Indian organisations, to provide training and guidance in organisation, management, construction, inspections, and financial management. In addition, grants were made available for seminars and workshops for Native organisations and rural clients as well as for the development of training materials (e.g. videos, manuals, information packages and other promotional materials).

TABLE 1.1
COMPONENTS OF ORIGINAL RNH PROGRAM

FEDERAL PROGRAM LEGISLATION[1]	PROGRAM COMPONENT	PROGRAM DESCRIPTION
Section 79 (NHA)	Homeownership/Rental	Loans and subsidy assistance for construction, acquisition and/or rehabilitation of homeownership or rental dwellings for low-income households in rural areas.
Section 51 (NHA)	Residential Rehabilitation Assistance Program (RRAP)	Loans and subsidy assistance to finance the rehabilitation of substandard dwellings.
Section 54	Emergency Repair Program (ERP)	One-time grants to finance emergency repair to dwellings occupied by households waiting to be allocated better housing under Section 79.
Section 76 (NHA Part IX)	Project Funds (Start-Up Capital)	Loans to client representative groups to assist in the development of housing proposals.
Section 74 (g) (NHA Part IX)	Sustaining Grants (Core Funding)	Grants to client representative groups to assist in the development of organisational capacity for program delivery.
Section 74 (g) (NHA Part IX) Para.75(i)(e) (NHA Part IX)	Native Cadre Training RNH Secondment Client Training and Training Materials	Educational assistance for Native individuals and organisations involved in the delivery of RNH programs.

[1] Changes to the numbering of all NHA sections were effected on December 12, 1988 by proclamation of the Revised Statutes of Canada, 1985. All references to the NHA in this report have been amended accordingly. Sections of the NHA which are referenced in this paper and their corresponding former section numbers are:

New NHA Section	Old NHA Section	Subject
79	40	Regular RNH (F/P)
57	34.15	Regular RNH (Loans)
92	55	Regular RNH (Dev.)
51	34.1	RRAP
Part IX	Part V	RNH Training
54	34.121	ERP
74	36	Native Cadre, Secondment
76	37.1	Client Training
95	56.1	Non-Profit Rental
58	34.16	Regular RNH (subsidies)
59	34.161	Regular RNH (subsidies)

CMHC was to work closely with each provincial government to determine how RNH would be administered. The two parties signed agreements designating which party would have administrative responsibility for the program; that party was referred to as the "active partner". Native organisations were to be actively involved in the planning process, program delivery and, where possible, construction of units. Native representatives would also serve as equal partners with CMHC and provincial representatives on a Tripartite Management Committee responsible for planning and monitoring program delivery.

Housing assistance provided under the Rural and Native Housing program was viewed as but one element within a more comprehensive social and economic development context. Accordingly, several committees were established in order to promote a more coordinated response on the part of federal and provincial government departments and agencies to the problems of rural and Native clients. CMHC was to chair a National Interdepartmental Committee, convened in Ottawa, and comprised of representatives of a variety of federal government departments (i.e. Manpower and Immigration, Indian and Northern Affairs, National Health and Welfare, Regional Economic Expansion, Secretary of State, Finance, Treasury Board, and the Privy Council Office). In addition, Federal/Provincial Coordinating Committees were to be established in each province with representation from CMHC and other interested federal and provincial departments providing services in rural areas. The central purpose of the committees was to mobilise resources and coordinate the provision of housing with other non-housing programs.

2. Evolution of the Program

By 1976, it was evident that the target of 50,000 units would not be met by the 1978 deadline. In view of the slow start in RNH delivery, the target year for the achievement of the 50,000 unit goal was extended to 1981.

In response to complaints about the program, the President of CMHC appointed a Special Task Force on Rural and Native Housing in December 1976. During the course of its meetings with provincial housing agencies and Native groups, the Task Force was made aware of a host of concerns pertinent to the selection of RNH clients, the capability of very low-income households to sustain the financial demands of homeownership, the quality and suitability of unit construction, the difficult and costly nature of housing delivery and administration in rural and remote areas, interregional variations in the availability of the program and in the interpretation of various aspects of the policy (e.g. income limits, utility subsidies), and the sometimes conflicting

requirements of producing quality units while encouraging client participation.[1]

The Task Force made recommendations concerning 45 specific issues. The principal program changes made as a result of the Task Force's recommendations were increased assistance levels available under Rural RRAP and ERP. More efforts were also to be made to bring Native groups into the planning process. In addition, provisions were made to allow the Tripartite Management Committee (CMHC, provincial housing agency, client group) to interface with other housing committees.

Ongoing difficulties with the Section 79 program were again brought to light in a report released in 1978.[2] The report noted high levels of arrears and defaults, problems of unit construction and siting, cost-overruns, and significant client dissatisfaction over the lack of Native involvement in client selection and program administration.

In order to further prepare RNH clients for the demands of homeownership, a more formalised counselling program was implemented in December 1978. It was hoped that pre- and post-occupancy counselling would reduce the rate of default and payment arrears. It was also expected that counselling would familiarise new homeowners with the maintenance and upkeep necessary to prevent premature deterioration of units.

The achievements and problems of the RNH program were reviewed once more in 1980.[3] The Rural and Native Housing Review reported that the RNH program had for the most part met or exceeded its unit targets: during the period 1974-1980 a total of 10,833 Section 79 units had been constructed, and 55,235 units had been rehabilitated. Despite these achievements, however, data from the Secretary of State and DIAND indicated that a further 83,903 new and rehabilitated units were needed among rural people, of which 26,625 (31.7 per cent) were needed for Native groups off-reserve.

Despite the changes instituted after the 1977 Task Force, it was apparent that old problems persisted in the RNH program and new problems had surfaced. The 1980 Review concluded that

---

[1] Report of the Special Task Force on Rural and Native Housing, CMHC, April 1977.

[2] A Discussion of the Section 40 NHA Component of the Rural and Native Housing Program and Associated Issues, J. Leong, Program Evaluation Unit, CMHC, September 1978.

[3] Rural and Native Housing Review, Program Evaluation Unit, Policy Evaluation Division and Evaluation and Market Analysis Directorate, CMHC, June 1980.

there continued to be significant differences in the administration of the program interprovincially with respect to the determination of utility subsidies, adjusted annual family income, and the amount of downpayment required. Furthermore, some potential clients could not be reached because there was no provincial participation: Quebec, for example, had never contracted an agreement for Section 79 housing and in 1978 Prince Edward Island had withdrawn from its agreement. Native clients were not seen as a priority group in most provinces. Due to extremely high heating and maintenance costs, certain families with very low incomes were effectively prohibited from participating in the program; it was frequently the case that heating payments were larger than mortgage payments.

The 1980 Review also noted the lack of success of the committees established to coordinate the provision of housing with assistance provided by other federal and provincial agencies. The National Interdepartmental Committee met twice a year up until 1976, after which activity declined considerably (meeting only once more in 1978 and again in 1979). The lack of authority to effect changes in departmental priorities limited the committee's activity to the exchange of information. Only two Federal/Provincial Coordinating Committees were functioning as of 1977 (in Ontario and Manitoba), due in part to the state of federal/provincial relations at the time.

Responding to the findings of the Review, the Corporation initiated a Consultation Process on Rural and Native Housing in August of 1980. Meetings were held throughout Canada in which representatives from CMHC, provincial housing agencies, and Native housing groups discussed the RNH program's continuing challenges. As a result of the consultation, several major changes to the RNH program were proposed and discussed in 1981. In January 1982, CMHC made a formal request to Cabinet for a more comprehensive program to replace the existing RNH program. The purpose of the changes was to ensure that Native people had full access to suitable and adequate housing.

The proposed comprehensive program incorporated a variety of changes to Section 79 assistance, including: unilateral funding, the provision of greater utility subsidies for energy efficient homes, and an increase in maximum mortgage payments from 25 per cent to 30 per cent of adjusted family incomes. RRAP assistance was to be increased. Proposed changes to ERP included the elimination of the requirement that clients subsequently apply for Section 79 units and a shift in the program's focus toward serving elderly rural clients who do not desire to leave their homes. Administrative changes included the replacement of the Sustaining Grants program with a fee-for-service arrangement. Targets for the proportion of program benefits received by Native clients were also to be

introduced to compensate for prior delivery levels to non-Native rural households.

CMHC stressed that every province would still be able to offer its own housing program with its own objectives and method of administration, but the federal program would also be available, with provinces able to "stack" their housing initiatives on the basic federal program.

CMHC's proposals were accepted by the federal government with the exception of the endorsement of full unilateral funding. Instead, the federal Minister Responsible for Housing was to negotiate with his provincial counterparts for the purpose of obtaining firm commitment and detailed agreement with respect to client and priority community selection criteria, Native targets,[1] delivery mechanisms, role of management committees, and fee-for-service arrangements. Where agreements on cost-sharing could not be reached without modifications which would intrude on federal objectives, arrangements would be made to offer the program unilaterally. The comprehensive program was adopted "in principle" by the federal Cabinet early in 1982. However, introduction of the new policies without new funding commitments effectively prevented their implementation.

The negotiations held under the 1982 Cabinet directive were not successful in establishing suitable cost-sharing agreements with the provinces. Four provinces remained unwilling to share the cost of units (British Columbia, New Brunswick, Prince Edward Island, and Quebec). The other provinces would accept the cost but not the priority of Native groups.

Early in 1984, CMHC's new Minister obtained Cabinet approval of changes in the RNH program along with a budget increase. The government accepted that full federal subsidisation of the Homeowner units was essential in some provinces if there was to be improvement in Native housing conditions. Since unilateral funding could not be administered under Section 79 of the NHA, which specifically covers cost-shared housing programs, other provisions of the NHA were used for this purpose including Sections 92 (Development Funding and Subsidy Assistance), CMHC Act, R.S.C.1985,c.C-7,part.s.28 (Homeowner)(Uninsured Direct Loans) and 95 (Non-Profit Assistance). Section 79 continued to be applied in those provinces willing to cost-share.

---

[1] Native targets were to be negotiated with individual provinces and territories, but "overall, at least 50 per cent of the benefits under the program were to be allocated to Native households living off-reserve". This was to be achieved by 1988.

The impetus for further changes to the RNH program came in late 1984, with the release of the federal Minister of Finance's November 8 Economic Statement. An extensive process of housing policy review resulted which included consultations with client representative groups, provinces/territories, and other interested parties. The consultation process, as well as the recommendations of the Ministerial Task Force on Program Review Relating to Housing Programs, established the foundation for the National Direction for Housing Solutions announced by the Minister responsible for Canada Mortgage and Housing Corporation in December 1985. The National Directions called for a new strategy for Rural and Native Housing. The RNH Homeownership/Rental programs were to be retained only until it was determined whether housing kits were a viable alternative. In order to assess the viability of this approach, a Demonstration program of 500 housing kits funded through forgivable loans and assembled with client labour was authorised.

The National Directions also restated the objectives of Canada's social housing programs, of which the RNH programs were considered to be an integral part. The overriding objective is now to assist households in need who cannot obtain affordable, suitable, and adequate shelter in the private market. The National Directions policy statement also authorised the Minister responsible for CMHC to enter into social housing agreements with the provincial governments which provided for minimum provincial financial contributions in order for the province to have the lead role in delivery, joint federal-provincial planning of social housing activities, and with respect to the RNH programs, continuation of the targets for benefits to Natives and involvement of Native groups in delivery. The 1986 National Directions also stipulated that the mortgage payment for homeownership clients would be 25 per cent of income less an allowance for heating costs.

During 1986, the federal government entered into Global and Operating Agreements on Social Housing with each provincial/territorial government, with the exception of Prince Edward Island. These Agreements outlined the roles and responsibilities of each party in the planning, delivery, and financing of joint social housing programs. The parties agreed to undertake a joint planning process involving three components: problem identification (assessment of housing needs, income, priority groups, and geographic targeting); selection of appropriate program instruments; and budget forecasting. As part of the joint planning process, three-year plans are prepared and updated annually. A joint Planning and Monitoring Committee (PMC) was established in each province/territory with an Agreement in place. The PMC is responsible for conducting the joint planning process and for monitoring the implementation and achievements of the approved three-year plan. For the Rural and Native programs,

the planning for the Native component is performed by the Tripartite Management Committee (TMC) composed of the province (where applicable), CMHC and the provincial Native association/Native delivery agent.

Aside from the new administrative arrangements, the principal substantive changes to the RNH program incorporated within the new agreements were the introduction of "core housing need"[1] as the principal client eligibility criterion.

The agreements also provided for the rental and lease-purchase components of RNH in addition to the homeownership component. Native targets were also implemented in the 1986 Agreements. The Native target for the Rural and Native programs was set at 50 per cent of overall activity.

The nature of the individual RNH programs is described in the next section.

G. Program Profiles

The RNH programs provide a range of types of assistance and require varying degrees of delivery involvement from private groups and those who occupy housing supplied under the programs. Distinct provincial and rural/remote trends in activity have evolved since the programs began. This section describes the types of assistance available and how the use of the programs has varied across the country. Subsequent chapters contain a large number of detailed tables which allow a comparison of program activity and program results by province, territory, and rural and remote location.

1. RNH Programs

The RNH Regular program consists of homeownership, rental and lease-purchase options and is the principal component of the rural housing program. Delivery of homeownership units was emphasised prior to 1986. In provinces which have signed cost-sharing agreements with the federal government, the program is authorised under Sections 79, 57, and 92 of the National Housing Act. In provinces where CMHC funds the program unilaterally, authorisation falls under Sections 57 and 92. Section 95 of the NHA is also utilised for the provision of rental projects in Quebec. Sections 58 and 59 are used for the provision of annual contributions to clients. Section 76 provides authorisation for the provision of loans

---

[1] Households in "core housing need" are those households who cannot afford or cannot obtain adequate and suitable accommodation without paying more than 30 per cent of their total household income or who have a need for special purpose accommodation.

to non-profit housing groups to investigate the feasibility of RNH projects.

a) Objectives

The objective of the Post-1985 RNH programs as formally stated in the program Guidelines and Procedures Manual, is as follows:[1]

° "To assist Native and non-Native households in Core Housing Need in rural areas to obtain new or existing affordable, adequate and suitable homeownership or rental housing".

The objectives of the pre-1986 program make reference to income rather than core housing need in determining client eligibility and also include a statement concerning the promotion of client involvement. The pre-1986 objectives are listed below:[2]

° "To ensure adequate housing for low income persons living in rural areas and small communities with a population of 2 500 or less"; and

° "To motivate and help the program's clients to solve their housing problems through their own organization and efforts by providing the opportunity for optimum client involvement in the planning and building of the units".

In common with other social housing programs, the RNH Regular program has a further objective of providing modest housing.

b) Program Description

Loans to eligible RNH clients may be made under Section 57 of the National Housing Act to build or acquire homeownership units. Annual contributions are made through Section 59 to assist these clients in repaying their loans. The construction or acquisition of homeownership and rental projects and their sale or rental to eligible RNH clients may be financed under Sections 79 or 92.

---

1 Guidelines and Procedures Manual, Vol. 8, Mod. 11, 1987.

2 Guidelines and Procedures Manual, Vol. 8. Mod. 1, 1981.

Shelter payments of RNH clients are determined according to a payment-to-income scale.[1] For homeowner projects, the difference between the client's payments and the amortisation of principal, interest and taxes is subsidised. Homeowner clients are required to make a downpayment. For rental projects, the difference between the rental revenue and the economic rent is subsidised. The amount of subsidy assistance required is adjusted annually on the basis of regular income reviews. Subsidy assistance is terminated when the household's income enables the full payment of all eligible shelter and heating costs.

Under the 1986 program, lease-purchase clients pay on a rent-geared-to-income basis until full homeownership responsibilities can be assumed. Prior to 1986, a lease-purchase option was not available. The purchase option should be offered any time after the first year of occupancy, providing that the client is not in arrears on rent payments, has received counselling and both understands and is willing to accept the responsibilities of homeownership, and can provide the required downpayment. The purchase option should be exercised within five years, although extensions of up to four years in total may be approved by the Active Party. Rental payments are not credited toward the new mortgage or the downpayment, but the amortisation period may be reduced by the number of years the client makes lease payments.

The program is delivered to residents of off-reserve rural areas (with populations of 2,500 or less or in rural municipal jurisdictions having a population of greater than 2,500 persons but where the population is dispersed and there is no population core or centre of more than 2,500 persons) who are in core housing need. Since 1984, a portion of the homeowner and rental units delivered in each province or territory have been targeted to eligible Native households living off-reserve. The overall Native target was set at 50 per cent. Provincial targets to reflect the Native/non-Native composition of the rural client group. Native targets range from 6 per cent in New Brunswick to 99 per cent in the Yukon.

RNH projects can be developed through new construction, the purchase and, if required, rehabilitation of existing housing, or the conversion of existing buildings. The requirement for modest housing is made operational through the use of Maximum

---

[1] Under the Federal scale, RNH Homeowner clients pay 25 per cent of their adjusted household income towards the monthly mortgage payments and taxes, less an allowance for eligible heating costs. Rental clients pay 25 per cent of their adjusted income towards the fully-serviced rental unit. Provinces may adopt their own payment-to-income scale as long as clients do not remain in core need.

Unit Prices (MUP's) which place a ceiling on the eligible capital costs of housing units. They are calculated for a model unit, taking into account dwelling construction type, number of bedrooms and urban/rural location.

Provinces may adopt their own payment-to-income scale as long as clients do not remain in core need. However, the federal cost is limited to the lower of 1) the cost calculated using the federal rent-to-income scale or 2) the cost calculated using the provincial rent-to-income scale.

In order to promote client involvement in the delivery of RNH housing, funds are provided to client representative groups to strengthen their organisational capacity for delivery. Up to 1983, this funding took the form of sustaining grants (authorised under Section 74(g)) to cover expenses for staffing, offices, travel and accommodation and the development of proposals for housing projects (up to the application stage). The sustaining grant program was replaced by a fee-for-service arrangement which was implemented in 1986.

To assist local client groups in purchasing land and hiring a contractor, Project Development Funding consisting of interest free loans may be extended to Private Non-Profit Corporations and local housing groups under Section 76 of the NHA. Up to $75,000 per project or $10,000 per unit is available which becomes repayable when the project is approved or is forgiven if the project does not proceed. Eligible expenses include staffing, fees for incorporation, office and administration expenses, research and feasibility studies, options on land or property, purchase of technical skills, site selection, client selection and negotiations with other governments. Funds expended for project development are added to the total loan commitment when projects advance to the construction/ acquisition phase.

c) Program Operation

i) Program Delivery

Where federal/provincial agreements are in place, either CMHC or the Provincial Housing Agency assumes the role of "Responsible" or "Active" Party and takes principal responsibility for program delivery and administration. During program delivery, the Active partner is responsible for processing applications, acquiring land, tendering construction and rehabilitation contracts, and supervising the construction of units where clients provide sweat equity, within mutually acceptable program guidelines. There are variations in this process in some provinces. For example, in Alberta, the client is responsible for the development of the unit rather than the province.

In order to promote client involvement in program delivery, Active Parties may enter into fee-for-service agreements with client representative groups which act as official delivery agents. Delivery under the fee-for-service schedule was organised into three stages: 1) preliminary application (client application and eligibility analysis), 2) final application (pre-occupancy counselling and project implementation), and 3) post-completion (during first year of occupancy). The responsibilities and involvement of delivery agents can vary considerably, ranging from client selection only to the full range of delivery activities. The precise scope, terms, conditions, roles and responsibilities of the delivery agent are identified in the Agency Agreement. The Active Party is responsible for training, provision of information and explaining program guidelines to delivery agents and the monitoring of their performance.

RNH program funds are allocated within the geographic areas specified in the Operating Agreement and to the priority groups in accordance with the approved three-year plan. A percentage of RNH units are targeted towards Native clients.

In order to provide a forum for planning and monitoring the achievement of the active component of the RNH program, Tripartite Management Committees (TMC's) have been established in each province. The Committees are comprised of senior representatives of the provincial housing agency, the provincial Native organisation, and the provincial director/general manager of CMHC. Funds are available to provincial Native organisations to enable them to participate at Tripartite Management Committees and to maintain housing expertise.

Considerable provincial variation exists in the delivery arrangements for the RNH Homeownership/Rental/Lease-Purchase program. These are summarised in Table 1.2.

TABLE 1.2
PROVINCIAL/TERRITORIAL VARIATIONS IN
RNH DELIVERY ARRANGEMENTS - AS OF SEPTEMBER, 1989

PROVINCE/ TERRITORY	PROGRAM COMPONENT	COST-SHARE (FED/PROV/TERR)	ACTIVE PARTY	NATIVE GROUP INVOLVEMENT ON TMC	NATIVE TARGET
NEWFOUNDLAND	Homeowner Rental Lease-Purchase	75/25% 	Province: (Newfoundland & Labrador Housing Corp. (NLHC)).	Federation of Newfoundland Indians (FNI) Labrador Inuit Assoc. (LIA) Naskapi Montagnais Indian Assoc. (NMIA)	22%
PRINCE EDWARD ISLAND	Homeowner Rental Lease-Purchase	100/0% 	CMHC	Native Council of P.E.I.	13%
NOVA SCOTIA	Homeowner Rental Lease-Purchase	100/0% 	CMHC	Native Council of Nova Scotia (Rural & Native Housing Corporation of Nova Scotia)	14%
NEW BRUNSWICK	Homeowner (RNH/BSP) Rental Lease-Purchase	75/25%[1] 	Province: (New Brunswick Housing Corp. (NBHC)).	New Brunswick Aboriginal Peoples Council (NBAPC)	6%
QUEBEC	Homeowner Rental Lease-Purchase	75/25% 59/41%[2] 75/25% 75/25%	Province: (Société d'habitation du Québec (SHQ)).	Alliance Autochtone de Québec (Waskahegon)	100% 30%
ONTARIO	Homeowner Rental Lease-Purchase	75/25%[3] 	CMHC	Ontario Métis & Aboriginal Assoc. (OMAA)	38%
MANITOBA	Homeowner Rental Lease-Purchase	75/25% 	CMHC: (North) (All tenures) Province: (South) (Primarily rental) (Manitoba Housing)	Manitoba Métis Federation (MMF) No Native Delivery Agent	79%
SASKATCHEWAN	Homeowner Rental Lease-Purchase	100/0%[4] 	CMHC Province: (Saskatchewan Housing Corp. (SHC)(1986 only)).	Métis Society of Saskatchewan (MSS)	65%
ALBERTA	Homeowner Rental Lease-Purchase	75/25%[5] 	Province: (Alberta Mortgage & Housing Corp. (AMHC); Alberta Municipal Affairs)	Métis Assoc. of Alberta	70%[6]
BRITISH COLUMBIA	Homeowner Rental Lease-Purchase	100/0% 	CMHC	United Native Nations (BC Native Housing Corp.)	82%
N.W.T.	Homeowner HAP Rental	75/25% 50/50%[7] 75/25%	Territory: (N.W.T. Housing Corp. (NWTHC)).	No TMC	90%
YUKON	Homeowner Rental Lease-Purchase	100/0% 	CMHC	Council of Yukon Indians	99%

SOURCE: Federal/Provincial Global and Operating Agreements, 1986; and the RNH Delivery Group Agreements, 1989.

NOTES:
1 New Brunswick's 25% share is accounted for by the Basic Shelter Program (BSP).
2 Québec uses S.95 to deliver the rental component, with varying cost-sharing ratios: 59/41% for Public Non-Profit Housing for non-Natives and 75/25% for Public and Private Non-Profit Housing for Natives for Subsidy costs only.
3 Program delivered under 1979 RNH Enabling Agreement. Ontario does not share costs of delivery fees for agents or RNH Training.
4 Saskatchewan Housing Corporation (SHC) delivered all tenures in 1986 on a cost-shared basis (75/25). CMHC has delivered all post-1985 units beginning in 1987 and funded unilaterally. SHC administers all units delivered up to and including 1986.
5 Subsidy only. 100% capital provided by Alberta.
6 Provincial delivery under Rural Home Assistance Program (RHAP) and Rural Emergency Home Program (REHP) are also counted towards the Native target in Alberta.
7 Northwest Territories cost-shares its Housing Assistance program (HAP) on a 50/50% basis.

ii) Project Administration

The responsibilities of the "Active" Party also include the ongoing administration of existing projects. Project administration responsibilities include ongoing client counselling, annual income reviews and subsidy adjustments, arrears and default counselling, and post-occupancy repairs to the units. As administrative processes for homeownership, rental and lease-purchase projects differ somewhat, they are discussed separately below.

Homeownership

The Active Party is responsible for counselling clients concerning a variety of matters, including unit maintenance, household repairs, budgeting, mortgage/rent payment responsibilities, and fire/contents/liability insurance. Clients are initially counselled prior to occupancy. Follow-up visits to homeowner clients occur upon occupancy, after six months has elapsed and, once again, after one year (in conjunction with an inspection for the home warranty).

Additional counselling is provided to all clients as deemed necessary, on an individual basis. For example, when a homeownership client is in the early stages of default, they are counselled on the implications of continued arrears leading to the loss of their property. Emphasis is placed on helping households to meet their monthly mortgage payment obligation. Loans are declared due and payable when arrears are equal to three monthly payments.

When a homeownership unit is voluntarily vacated or is repossessed (due to ongoing arrears), the unit may be recycled to accommodate another eligible client. In the event that the unit is recycled, necessary repairs may be undertaken to bring the unit up to program standards. Where a suitable client cannot be located, the unit may be sold on the open market.

Although homeownership clients are responsible for the ongoing maintenance and repair of their units, post-occupancy repairs of up to $10,000 per unit can be authorised under the program where they are required to correct defects in workmanship or materials and are not covered by a home warranty program. Post-occupancy repairs are generally intended to be completed within five years of the initial sale of the unit although repairs after five years are permitted where justified.

Remedial repairs may also be done on existing homeowner units where needed and justified. Remedial repairs were authorised by Treasury Board following a submission in late 1987. The intent is to correct deficiencies in the units. Expenditures include repairs to the structure, insulation energy measures, installation of water, sewer, and electrical services, and improvements in drainage.

Rental

In addition to the administrative responsibilities common to both homeownership and rental projects (i.e. client counselling, annual income and subsidy reviews, post-occupancy repairs), Active Parties managing rental projects have a number of further responsibilities. Active Parties are responsible for entering into lease agreements with eligible clients and for the collection of rents. They are also responsible for ensuring that rental projects are maintained in a good state of repair and for conducting regular on-site physical inspections. Where required, expenditures on modernisation and improvement are included under eligible project operating expenses for cost-sharing purposes.

The ongoing operation of rental projects may be undertaken by a management group other than the Active Party. Such management groups may include Local Housing Authorities, local housing groups, property management firms or other such bodies, subject to criteria established by the Planning and Monitoring Committee. The precise responsibilities of the management group (e.g. rent collection, client selection, execution of leases, annual income verification, post-occupancy counselling, maintenance and repairs) are determined through negotiations with the Active Party. Any project administration responsibilities not explicitly delegated to the management group will be undertaken by the Active Party. The Active Party also remains responsible for ongoing supervision of the rental operation by the management group.

Lease-Purchase

As with the rental component, Active Parties enter into lease agreements with occupants for periods not exceeding 12 months. Leases include provisions for income verification, rent charges and payment adjustments. In the case of lease-purchase occupants, leases also include the terms of the lease-purchase option. During the lease period (prior to the sale of the unit) the Active Party administers the unit as if it were part of the rental portfolio. After sale, the unit is administered as part of the homeowner portfolio.

2. Emergency Repair Program (ERP)

Prior to 1985, the Emergency Repair Program was funded under Part IX of the National Housing Act. Amendments to the NHA in 1984 created a new Section 54 as authorisation for the program.

The Emergency Repair Program was originally designed to respond to urgent repair requirements on a short-term basis, pending the implementation of more extensive rehabilitation or supply of replacement housing under the RNH program. The

current objective of ERP makes no reference to the linkage to other program components. The objective of ERP now is:

- to assist households in core housing need in rural areas by providing assistance for the urgent repair of existing housing that is a threat to occupants' health or safety.

ERP provides one-time grants to rural households for the completion of emergency repairs which are required for the continued safe occupancy of their units. The program is available for principal dwellings which cannot qualify under the Residential Rehabilitation Assistance Program, either because of excessive repairs or prohibitive costs beyond RRAP limits or standards. Repairs are intended to be limited to items urgently required to render the units fit for human habitation, rather than to restore housing to minimum property standards. Maximum contributions are $1,500 in southern areas, $2,500 in northern areas, and $3,800 in remote northern areas.

The Emergency Repair Program is funded wholly by CMHC, with the exception of Quebec, Newfoundland, and the Northwest Territories. The Quebec government provides 25 per cent of the funds for Native recipients of ERP grants and 50 per cent of the funds for non-Native clients. The governments of Newfoundland and the Northwest Territories provide 25 per cent of the ERP funding in their jurisdictions.

As with the RNH housing supply programs, eligibility for ERP assistance is restricted to households living in off-reserve rural areas. Eligible clients must also be homeowners or occupiers who are disadvantaged[1] and are in core housing need.

Delivery agents, including provincial Native organisations acceptable to CMHC and the province concerned, if applicable, are involved in the planning and delivery of ERP assistance. Program delivery is conducted in two phases. In the first phase, delivery agents counsel potential clients, receive and review client applications, conduct initial inspections to determine repair requirements, estimate the costs of required repairs and forward their recommendations concerning applications to the Active Party.

Once applications are approved by the Active Party, the second phase of program delivery commences. Because of the urgent nature of the repairs, the work is to commence within 60 days

---

[1] Disadvantaged persons are defined as those who have housing needs as a result of age, infirmity, other disability or household income that is not sufficient to permit or enable them to acquire accommodation adequate for their household needs on the current housing market.

following commitment and be completed within 90 days of the commitment date. During this phase, the delivery agent assists the client in obtaining materials and labour estimates from contractors and building material suppliers, recommends disbursement of funds for repairs and conducts final inspections to ensure that the work has been satisfactorily completed.

As is the case for the RNH program, Emergency Repair Program funds are allocated within the geographic areas specified in the 1986 F/P/T Operating Agreements. A minimum percentage of the initial federal ERP budget allocation is targeted towards Native clients. The achievement of Native targets is monitored by the Tripartite Management Committee.

3. RNH Training Programs

As described in previous sections, Native Delivery Group involvement in the RNH programs takes a variety of forms, from planning and monitoring delivery through Native participation on the Tripartite Management Committees, to counselling and selecting prospective owners or tenants. The RNH Training programs offer three types of assistance in support of involving Delivery Groups in program delivery: work experience in administering the RNH programs, the loan of housing professionals to provincial or local Delivery Groups, and grant assistance to cover Delivery Groups' training expenses.

a) Native Cadre Program

It is the intent of the Native Cadre program to provide RNH program-related work experience and subsequent employment to selected Native persons. Trainees are hired on short-term contract by the Active Party or the Delivery Group to become better acquainted with the administrative and technical aspects of housing delivery and ongoing administration.

The specification of training and related budget requirements is the joint responsibility of the Delivery Group and the Active Party. Budget approval and the overall administration of the program is under the sole authority of CMHC, however. Subsequent to their work training, cadres are expected to return to their sponsor Delivery Group, or are to be helped to find employment in a housing agency or other related area in the private sector. Funding is provided unilaterally by CMHC or is cost-shared with provinces/territories depending on the Operating Agreement in use.

b) RNH Secondment Program

In addition to providing professional assistance to groups involved in RNH program delivery, the RNH Secondment program

aims to support the groups in their efforts to organise themselves to better meet local housing needs.

Secondments are arranged by the nomination of regular or contract employees of the Active partner or private individuals to work on a contract basis with the Delivery Group, generally to complete a specific task within a few weeks to a few months. Activities may include assisting in establishing a new Native delivery agency, in goal setting, the preparation of plans and/or budgets or helping in housing project delivery.

Assistance is funded jointly by CMHC and the provincial/ territorial housing agency where included under the Operating Agreement.

c) RNH Client Training Program

Client Training funding is granted to RNH Delivery Groups so that they can provide or obtain training to keep up-to-date with program developments, learn about ways of improving the efficiency and cost-effectiveness of their operation and being able to better inform RNH clients about the benefits and responsibilities associated with the program.

Training activities eligible for reimbursement range from program delivery/administration workshops, work performance enhancing seminars to educational course equipment and meeting room rental expenses.

Client Training spending estimates are submitted for CMHC approval as part of the RNH annual and three-year planning process. Activities are cost-shared where included in provincial/territorial Operating Agreements.

4. RNH Programs' Activity Levels

As described in the previous housing program summaries, the set of initiatives which comprise the RNH programs are represented by a variety of forms of assistance which have been in operation for different periods of time. This section describes RNH program activity by program type in terms of: the size of the portfolio, number of units committed, and level of expenditures. The extent of the portfolio, or number of units under repayment, differs not only by year but also by area of the country.

Tables 1.3 and 1.4 document activity levels achieved under the Rural and Native Housing programs currently under review. Table 1.3 presents commitment information by year. After experiencing a slow start in 1974, activity under the program grew substantially during the 1975-78 period. The highest annual activity levels prior to 1986 were achieved in 1977, with 2,217 units being committed. Activity slowed somewhat

between 1978-85, rising again in the post-1985 period. The highest annual activity recorded under the Emergency Repair Program was in 1975, with 2,093 grants being delivered involving just over $3M. The lowest levels of activity were recorded in 1977, 1981, 1985, and 1986.

TABLE 1.3
RURAL AND NATIVE HOUSING PROGRAM
UNITS COMMITTED, GRANTS MADE 1974-1989

	SECTIONS 79/92/57/95[1]				
YEAR	UNITS	$M[2] CAPITAL (FEDERAL ONLY)	$M SUBSIDIES (FEDERAL ONLY)	ERP UNITS	ERP $000
1974	249	3.6	N/A[3]	1,961	2,763
1975	1,758	31.5	N/A	2,093	3,113
1976	1,835	46.5	N/A	1,526	2,018
1977	2,217	56.7	N/A	874	775
1978	1,936	57.3	N/A	1,350	1,864
1979	1,530	49.0	10.7	1,266	1,455
1980	1,544	50.4	13.6	1,281	1,499
1981	1,352	42.9	23.8	866	1,152
1982	1,399	49.8	23.3	1,280	1,753
1983	1,162	41.5	35.7	1,386	1,791
1984	1,474	53.3	50.7	1,961	3,248
1985	1,383	72.1	129.9	830	1,699
1986	2,308	96.0	69.3	844	1,688
1987	1,995	99.4	81.2	1,119	2,237
1988	1,906	106.7	88.2	1,086	2,191
1989	2,175	121.1	103.3	1,268	2,521
TOTAL	26,223	977.8	629.7	20,991	31,767

SOURCE: For RNH Sections 79, 57, 92, 1974-1985, Program Management System, CMHC. For 1986-1989, Program Planning and Analysis Division, CMHC. For ERP, Rural and Native Housing Group, Program Operations Division, CMHC.

NOTES:
1 Included in these figures are HAP units in the Northwest Territories, Section 95 units delivered in Quebec, and Basic Shelter units in New Brunswick.
2 Does not include the provincial share of capital funds nor capital funds for RNH units in Alberta (funded by province) nor Section 95 units in Quebec (no capital requirements).
3 Not available. RNH included in Public Housing prior to 1979.

Table 1.4 provides more details for the post-1985 period when the new social housing agreements were in place.

TABLE 1.4
RURAL AND NATIVE HOUSING PROGRAM
UNITS AND CAPITAL COMMITTED 1986-1989
- FEDERAL/PROVINCIAL -

	UNITS			CAPITAL ($M)		
YEAR	FEDERAL	PROVINCIAL	TOTAL	FEDERAL	PROVINCIAL	TOTAL
1986	1,699	609	2,308	95.9	25.8	121.7
1987	1,526	469	1,995	99.3	26.8	126.2
1988	1,438	468	1,906	106.6	28.4	135.1
1989	1,644	531	2,175	121.2	33.5	154.6
TOTAL	6,307	2,077	8,384	423.0	114.5	537.6

SOURCE: Program Planning and Analysis Division, CMHC.
NOTE: These figures include Basic Shelter units in New Brunswick, HAP units in the Northwest Territories, and the Section 95 Rental units in Quebec.

Tables 1.5 and 1.6 provide a provincial/territorial breakdown of RNH and ERP commitments.

TABLE 1.5
RURAL AND NATIVE HOUSING PROGRAM
UNITS COMMITTED, GRANTS MADE BY PROVINCE/TERRITORY, 1974-1989

	SECTIONS 79/92/57/95[1]		
PROVINCE/TERRITORY	UNITS	($M) FEDERAL ONLY	ERP UNITS
Newfoundland	4,096	124.4	1,619
Prince Edward Island	168	9.7	282
Nova Scotia	2,193	97.4	2,209
New Brunswick	2,018	72.8	419
Quebec	1,605	.6	1,485
Ontario	3,560	172.7	2,307
Manitoba	3,146	115.9	2,536
Saskatchewan	4,231	179.5	3,873
Alberta	1,937	14.7	2,570
British Columbia	1,553	71.3	1,747
Northwest Territories	1,677	115.0	1,105
Yukon	39	3.8	839
CANADA	26,223	977.8	20,991

SOURCE: For RNH Sections 79, 57, 92, 1974-1985, Program Management System, CMHC. For 1986-1989, Program Planning and Analysis Division, CMHC. For ERP, Rural and Native Housing Group, Program Operations Division, CMHC.

NOTE: [1] Included in these figures are HAP units in the Northwest Territories, Section 95 units delivered in Quebec, and Basic Shelter units in New Brunswick. Does not include the provincial share of capital funds nor capital funds for RNH units in Alberta nor capital funds for Section 95 units in Quebec.

Table 1.6 below provides unit and capital commitment information for the post-1985 period on a provincial basis. This table shows both federal and provincial contributions.

TABLE 1.6
RURAL AND NATIVE HOUSING PROGRAM
UNITS AND CAPITAL COMMITTED,
BY PROVINCE/TERRITORY 1986-1989

	SECTIONS 79/92/57/95					
PROVINCE/ TERRITORY	**UNITS**			**CAPITAL ($M)**		
	FEDERAL	**PROVINCIAL**	**TOTAL**	**FEDERAL**	**PROVINCIAL**	**TOTAL**
Newfoundland	313	104	417	24.6	8.2	32.8
P.E.I.	106	0	106	7.4	0	7.4
Nova Scotia	498	0	498	42.7	1.9	44.6
New Brunswick	461	264	725	30.0	6.6	36.6
Quebec	1,006	499	1,505	.5	.1	.6
Ontario	824	272	1,096	80.9	26.9	107.8
Manitoba	483	159	642	40.6	12.8	53.4
Saskatchewan	696	50	746	50.9	3.0	53.9
Alberta	447	147	594	.2	0	.2
British Columbia	458	0	458	33.8	0	33.8
N.W.T.	983	582	1,565	107.6	54.6	162.2
Yukon	32	0	32	3.3	0	3.3
CANADA	6,307	2,077	8,384	422.5	114.1	536.6

SOURCE: Program Planning and Analysis Division, CMHC.
NOTE: These figures include Basic Shelter units in New Brunswick, HAP units in the Northwest Territories, and Section 95 Rental units in Quebec.

Table 1.7 provides information on the RNH stock that is built and occupied as of the end of 1989.[1] As shown in the table, not all program options are evident in the portfolio in each province/territory. While homeownership units exist in 11 of the 12 provinces/territories, rental units exist primarily in Quebec, the Prairie provinces and the Northwest Territories. Lease-purchase units, an option offered since 1986, were only beginning to be evident in Prince Edward Island, Nova Scotia, New Brunswick, Ontario, Manitoba, and British Columbia.

It is evident from comparisons between Tables 1.3 through 1.6 and Table 1.7 that a sizable gap exists between the total number of units committed under the RNH program since 1974 and the number that were built and occupied as of the end of 1989. The explanations are numerous, although a detailed and exact reconciliation between the 26,223 units committed and the

---

[1] By way of comparison, Table 1.1.1 of the supply of units as of August 1988 is given in Appendix I to this chapter. The sample of RNH housing for this evaluation was drawn from the total shown in Appendix I.

19,957 units under administration cannot be made. First, some commitments made in 1989 have not been entered into CMHC's Asset and Program Accounting Division's computer system. Second, while the expectation is that these commitments will eventually proceed to the construction stage (and so be entered into the administrative system), some will be cancelled due to the clients' withdrawal from the program.

There is no record of these cancelled commitments for the years prior to 1989. Third, there is always a number of units under construction at any time due to commitments in prior years. At the end of 1989, it is estimated by the Asset and Program Accounting Division that almost 3,100 units were under construction and therefore not under administration. Finally there are units which have been committed, built, occupied and then sold out of the program or lost due to fire, vandalism and so on. There are no records of the numbers which fall into this category.

TABLE 1.7
RURAL AND NATIVE HOUSING PROGRAM PORTFOLIO[1]
BY PROVINCE/TERRITORY
AS OF FEBRUARY 1990

PROVINCE/ TERRITORY	HOME-OWNER	REACQUIRED/ VACANT	RENTAL	LEASE-PURCHASE	TOTAL
NEWFOUNDLAND					
Pre-1986	1,927	1	-	-	1,928
Post-1985	41	-	-	-	41
TOTAL	1,968	1	-	-	1,969
P.E.I.					
Pre-1986	26	-	2	-	28
Post-1985	24	1	34	18	77
TOTAL	50	1	36	18	105
NOVA SCOTIA					
Pre-1986	1,317	85	11	34	1,447
Post-1985	187	-	23	100	310
TOTAL	1,504	85	34	134	1,757
NEW BRUNSWICK					
Pre-1986	1,227	-	-	-	1,227
Post-1985	244	-	105	74	423
TOTAL	1,471	-	105	74	1,650
QUEBEC[2]					
Pre-1986	-	-	99	-	99
Post-1985	-	-	1,082	-	1,082
TOTAL	-	-	1,181	-	1,181
ONTARIO					
Pre-1986	1,702	233	16	49	2,000
Post-1985	704	34	19	151	908
TOTAL	2,406	267	35	200	2,908
MANITOBA					
Pre-1986	955	102	1,775	9	2,841
Post-1985	28	6	639	46	719
TOTAL	983	108	2,414	55	3,560
SASKATCHEWAN					
Pre-1986	2,071	155	936	-	3,162
Post-1985	4	-	476	-	480
TOTAL	2,075	155	1,412	-	3,642
ALBERTA					
Pre-1986	1,152	-	77	-	1,229
Post-1985	363	-	-	-	363
TOTAL	1,515	-	77	-	1,592
BRITISH COLUMBIA					
Pre-1986	652	118	2	5	777
Post-1985	124	10	15	166	315
TOTAL	776	128	17	171	1,092
N.W.T.					
Pre-1986	84	-	11	-	95
Post-1985	94	-	332	-	426
TOTAL	178	-	343	-	521
YUKON					
Pre-1986	4	-	4	-	8
Post-1985	-	-	-	1	1
TOTAL	4	-	4	1	9
CANADA					
Pre-1986	11,117	694	2,933	97	14,841
Post-1985	1,813	51	2,725	556	5,145
TOTAL	12,930	745	5,658	653	19,986

SOURCE: Asset and Program Accounting Division and Program Portfolio Management Division, CMHC; and Financial Services and Administration Division, Saskatchewan Housing Corp.

NOTES: [1] The portfolio includes only completed units.
[2] A total of 1,020 housing units comprising the Inuit portfolio is not included in this table.
"-" refers to zero units.

Table 1.8 records annual expenditures under the RNH Training programs and Project Development Funds during the 1974-89 period. The Native Cadre program accounted for the majority of funds expended, followed by the Secondment program. Activity under the Secondment program has fallen over the course of the 1980-89 period.

TABLE 1.8
RNH FUNDING FOR PROJECT AND STAFF DEVELOPMENT
ANNUAL EXPENDITURES 1974-1989

	PROGRAM			
YEAR	NATIVE CADRE $	SECONDMENT $	CLIENT TRAINING & MATERIALS $	PROJECT DEVELOPMENT FUNDS[1] $
1974	151,669	61,225	43,809	-
1975	98,854	79,630	538,463	-
1976	243,920	209,134	160,357	55,096
1977	287,004	104,916	164,416	105,136
1978	452,593	180,524	100,778	109,356
1979	493,522	251,389	111,670	109,918
1980	347,697	302,081	83,320	80,427
1981	662,217	264,652	136,918	81,490
1982	603,752	223,200	180,748	114,900
1983	856,688	166,266	153,814	121,105
1984	894,075	267,486	124,756	319,000
1985	235,478	174,008	89,746	26,000
1986	353,218	97,324	13,098	477,000
1987	917,976	99,295	128,780	617,000
1988	1,254,353	123,233	120,911	475,000
1989	914,845	81,661	1,706	303,000
TOTAL	8,767,861	2,686,024	2,153,290	2,994,428

SOURCE: Corporate Accounting Division, 1989-1990. Rural and Native Housing Review, Program Evaluation Unit, CMHC, 1980. Rural and Native Housing Group, Program Operations Division, CMHC.

NOTE: [1] PDF changed from a grant to a loan program in 1983 under which the loan was forgiven if the project was not approved or did not proceed. The figures quoted above for the 1984-1989 period represent loan commitments under the PDF program rather than program budgetary expenditures. The provincial share of PDF is also included.

H. Other Rural Housing Programs

CMHC and some provinces/territories operate housing programs in rural areas which are distinct from the RNH programs described previously. CMHC delivers the RNH Demonstration program in all provinces and territories except Alberta and the Northwest Territories. In Alberta, the demonstration allocation is delivered by the province through its Rural Home Assistance Program (RHAP). In the Northwest Territories, the Homeownership Assistance Program (HAP), which is cost-shared under Federal/Territorial Agreements, is delivered instead of the RNH Demonstration program. These three programs (RNH Demonstration, RHAP, HAP) are described and compared in the following section.

In other provinces/territories, there are instances where the province/territory operates unilateral housing programs which have no geographic restrictions and, hence, serve rural residents and contribute to meeting housing needs in rural areas. These programs are not included as part of this evaluation study.

It must also be recognised that other housing programs, not normally considered to be rural in nature, have made contributions to meeting housing needs in rural areas. Perhaps the best example is the Public Housing program under which approximately 18,000 units (9 per cent of the total) have been delivered in communities of 2,500 population or less.[1] Another example is Non-Profit Housing where units have been provided in rural communities of 2,500 or less under the same programs that provided units in urban areas.

1. RNH Demonstration Program

The RNH Demonstration program was introduced in 1986, as a five-year experiment in RNH delivery through client "self-help". Its purpose is to determine whether a house construction program in rural areas, based on volunteer labour, is a viable way of providing sound quality housing for low-income households. There are two factors being considered, one client-related and the other building-related.

The client involvement aspect of the experiment includes an examination of the use of local volunteer labour, construction supervision and training via on-site professional management, up-front forgivable loans for materials, services and land, the extent of self-motivation among program participant households for solving their housing problems and the

---

[1] Evaluation of the Public Housing Program, Program Evaluation Division, CMHC, April 1990, P20.

reduction there may be on the long-term dependency on government-subsidised housing.

The RNH Demonstration program was also intended to assess the feasibility of a building kit approach, that is a packaged building system which includes precut, partially preassembled components, accompanied by instructions.

Financial assistance is in the form of a forgivable loan. RNH demonstration housing occupants have all the usual rights of ownership and qualify for annual forgiveness by remaining in the dwelling and adequately maintaining it. Where the occupant owns the land on which the dwelling is constructed, a forgivable mortgage is provided which is forgiven over a 25-year period (a five-year forgiveness period was in effect for units built in 1986). Where outright ownership of the land is not possible a land-lease or permit is required. In this case, the forgiveness period is five years and the loan is secured by a promissory note.

Funding, eligibility requirements and program operations differ from the RNH Regular program. The RNH Demonstration program is financed and delivered solely by CMHC, except in Alberta and the Northwest Territories. In Alberta, the province delivers its units under its existing Rural Home Assistance Program (RHAP) and provides 25 per cent of the costs. In the Northwest Territories, the Homeownership Assistance Program (HAP) is delivered instead of the RNH Demonstration program. HAP is cost-shared by the federal and territorial governments on a 50/50 basis.

Once suitable communities have been identified, clients are selected on the basis of established eligibility criteria. Prior to selection and signing of agreements, clients are counselled to ensure that they are fully aware of their responsibilities under the program and to aid them in making appropriate decisions with respect to house design, construction materials and siting. Once selected, clients are encouraged to participate in locating a site for their homes and are given the responsibility for clearing and landscaping the building site. A variety of standard house plans are provided, to which the client may propose modifications. The client is responsible for providing the labour and basic construction tools required. The program provides a construction manager to manage the project and provide the basic training necessary for the completion of the project. Where there is a requirement for skilled work, due to health and safety concerns, subtrades are also provided. After completion of construction, the homeowner is fully responsible for the maintenance and operation of the house. Post-occupancy counselling is provided to the homeowner as required.

CMHC has sole delivery responsibility for the RNH Demonstration program. Although the Corporation sets the activity level, communities are chosen in consultation with one or more affected parties: Provincial/Territorial housing agencies, Native groups, Local Housing Authorities, Municipal Councils and residents' associations. Client involvement begins at the stage of selecting a house design and, in addition to the previously cited provision of labour, includes the choosing of a site and construction materials. Program activity is monitored annually with case study reports prepared documenting aspects of the process such as client characteristics, construction costs, quality and community reaction. The number of units developed under the RNH Demonstration program is shown in Table 1.9.

TABLE 1.9
RNH DEMONSTRATION UNITS

PROVINCE/ TERRITORY	UNITS COMMITTED 1986 #	1987 #	1988 #	1989 #	TOTAL	%
Newfoundland[1]	5	13	12	15	45	11.3
Prince Edward Island	3	0	3	3	9	2.2
Nova Scotia	15	9	7	6	37	9.3
New Brunswick	5	6	7	6	24	6.0
Quebec	16	15	18	15	64	16.0
Ontario	8	10	17	20	55	13.8
Manitoba	11	14	12	10	47	11.8
Saskatchewan	6	11	10	12	39	9.8
Alberta[2]	9	10	10	10	39	9.8
British Columbia	5	5	4	4	18	4.5
Northwest Territories[3]	0	0	0	0	0	0.0
Yukon	12	5	0	5	22	5.5
CANADA	95	98	100	106	399	100

SOURCE: Project Implementation and Financial Planning Divisions, CMHC, 1989.

NOTES:
1 All demonstration units in Newfoundland have been built in Labrador.
2 Budget for Alberta units is converted to cost-sharing of provincial RHAP units.
3 HAP in the Northwest Territories is delivered instead of the RNH Demonstration program.

2. The Rural Home Assistance Program (RHAP) - Alberta

The Rural Home Assistance Program (RHAP) is offered by the province of Alberta to assist families on Métis settlements and in designated remote communities to build or repair their homes. Eligible communities must have no conventional housing market and must have housing needs that cannot be met through other housing assistance programs. The community must establish a Local Housing Association and be willing and able to administer the construction phase of the program. To be eligible for assistance, households must be permanent residents of the community, have low income, occupy a substandard house, be recommended by the Housing Association and approved by the province.

The program provides new construction grants to the Housing Association of $18,000 per unit for households with adjusted incomes of up to $18,000 and $9,000 per unit for households with adjusted incomes between $18,000 and $31,000. The RHAP grants may be used for materials to build houses of approved design using local labour and management. Half-grants (for one-half of the full amount) are available to households with incomes between $18,000 and $31,000 that are in the process of constructing their home with their own funds. The half-grants are to finance the purchase of materials for the completion of the home. The Housing Association is responsible for purchasing materials, for organising community members to undertake construction, and for construction supervision and coordination.

Once the unit is complete and occupied, the resident has to ensure that all taxes, fees and utilities are paid and that regular home maintenance is done as required.

Table 1.10 shows RHAP delivery from 1977 to the present. Since 1986, the budget for RNH demonstration units in Alberta has been used to provide assistance under the provincial program.

TABLE 1.10
RHAP UNITS (ALBERTA)

YEAR	NEW HOUSING TOTAL[1]	HALF-GRANTS (INCLUDED IN NEW HOUSING TOTAL)
1977/78	54	
1978/79	62	
1979/80	61	
1980/81	82	
1981/82	91	1
1982/83	125	3
1983/84	128	9
1984/85	128	10
1985/86	114	7
1986/87	106	12
1987/88	95	3
1988/89		
1989/90		
TOTAL	1,046	45

SOURCE: Rural Housing Branch, Alberta Municipal Affairs.
NOTE: [1] Includes units funded with RNH demonstration allocation from 1986 and 1987.

3. The Homeownership Assistance Program (HAP) - Northwest Territories

The Homeownership Assistance Program (HAP) was developed by the territorial government to provide assistance to individuals wishing to build their own home. The assistance provides the individual with a materials package to build a home, site development and the installation of electrical services. On-site supervisors are hired to work with clients and provide technical advice during construction. The homeowners are responsible for all operating and maintenance costs during and after construction.

The assistance is provided through a forgivable loan which is secured by a mortgage or promissory note. Forgiveness is earned over five years at a rate of 20 per cent per year. Eligible clients must be in core housing need (as defined in the F/P/T Agreements on Social Housing), have lived in the territories for at least five years and have the skill, knowledge and initiative to build their own home. Community organisations may take part in the program and receive block funding to act as builder to construct the homes.

The Homeownership Assistance Program is cost-shared by the federal and territorial governments on a 50/50 basis and is

delivered by the Northwest Territories Housing Corporation (NWTHC). It is included under the terms of the 1986 Global and Operating Agreements on Social Housing. Activity levels under the program are shown in Table 1.11.

TABLE 1.11
HAP DELIVERY BY YEAR

YEAR	NUMBER OF UNITS
1983	56
1984	92
1985	104
1986	182
1987	228
1988	157
1989	167
TOTAL	986

SOURCE: Northwest Territories Housing Corporation and Financial Planning Division, CMHC.

I. Structure of the Report

The balance of the report is structured as follows. Chapter II reviews the rationale for the programs, while Chapters III, IV and V examine the extent to which the programs have achieved their objectives and their impacts and effects. Chapters VI through IX examine delivery and portfolio management issues while Chapter X examines other issues. Chapters XI and XII look at the cost and cost-effectiveness of program alternatives, while the last chapter draws out the implications of the evaluation for consideration in future policy and program development. Appendices for the chapters can be found at the end of the report, as can a bibliography.

II RNH PROGRAM RATIONALE

One of the principal aims of the Rural and Native Housing programs is to assist rural households who cannot obtain affordable, suitable, and adequate shelter on the private market. A target of 50 per cent has been established for the percentage of activity to be delivered to Native households. This chapter examines the extent to which there continues to be a need for social housing assistance in rural areas and among rural Native households. It also examines the impact of the legislative authority for the RNH programs on program delivery, the consistency of tenures offered under the programs vis-à-vis the social, economic, and cultural realities of rural Canada, and the appropriateness in rural areas of the housing standards enforced under the programs.

A. Need for Housing Assistance Among Rural Households

An overview of demographic and housing stock trends and available housing needs data for rural areas suggests a substantial need for housing assistance among rural households. However, evidence suggests that the level and characteristics of need are changing.

1. Socio-Demographic and Housing Trends in Rural Areas

An overview of socio-demographic and housing stock trends in rural areas from 1971 to 1986 suggests a stable demand for housing in rural Canada, but as well, a housing stock that is in poorer condition than in urban areas. Although the population of rural areas declined in the 1971 to 1986 period, smaller household size has meant that the number of households has increased slightly. Therefore, although housing demand levels have remained fairly stable, the composition of that demand has changed in certain key ways which have relevance for housing policy and programs.

Table 2.1 summarises the population and household data for rural areas for 1971 and 1986. For purposes of this table "rural areas" are defined as communities with populations of 5,000 or less and include both rural farm and rural non-farm populations. By this definition, the total population in rural areas declined from 6,798,275 in 1971 to 5,373,760 in 1986. As a proportion of the Canadian population, rural areas included 32 per cent of Canadians in 1971 and 21 per cent of Canadians in 1986. The reduction of rural population by over 1.4 million persons from 1971 to 1986 represented a 21 per cent reduction in population while over the same period the total Canadian population increased by about 17 per cent.

Given the trends in family size, the number of households in rural areas increased marginally from 1,740,805 in 1971 to 1,753,795 in 1986, an increase of 12,990 households or 0.75 per cent. Over the same time period, the number of households

in Canada increased by 49 per cent. In the largest metropolitan areas of over 100,000 population, the number of households increased by 81 per cent (Table 2.1).

TABLE 2.1
POPULATION AND HOUSEHOLDS BY CENTRE SIZE
CANADA 1971 AND 1986

	POPULATION					
	1971	**%**	**1986**	**%**	**Change (+/-)**	**%**
CANADA	21,568,315	100	25,309,325	100	+3,741,010	+17
100,000+	10,246,170	47	15,155,500	60	+4,909,330	+48
10,000-99,999	3,679,145	17	4,059,615	16	+380,470	+10
5,000-9,999	844,725	4	720,450	3	-124,275	-15
1,000-4,999	1,640,745	8	1,244,690	5	-396,055	-24
Under 1,000	3,737,735	17	3,397,170	13	-340,565	-9
Farm	1,419,795	7	731,900	3	-687,895	-48
	HOUSEHOLDS					
	1971	**%**	**1986**	**%**	**Change (+/-)**	**%**
CANADA	6,034,510	100	8,989,845	100	+2,955,335	+49
100,000+	3,060,460	51	5,544,610	62	+2,484,150	+81
10,000-99,999	1,007,090	17	1,438,180	16	+431,090	+42
5,000-9,999	226,155	4	253,260	3	+27,105	+12
1,000-4,999	443,715	7	440,645	5	-3,070	-1
Under 1,000	969,665	16	1,111,235	12	+141,570	+15
Farm	327,425	5	201,915	2	-125,510	-38

SOURCE: 1971 and 1986 Census, Statistics Canada.

The decline of rural population would have been more dramatic had not the average size of rural households also decreased over the same period (Table 2.2). For rural[1] non-farm families, the average number of persons per family declined from 4.2 in 1961 to 3.0 in 1986, a reduction of 29 per cent. For farm families, the average number of persons per family declined from 4.5 in 1961 to 3.5 in 1986, a 22 per cent reduction. Therefore, although average family size remains

[1] "Rural" in Tables 2.2, 2.3, and 2.4, refers to the current Statistics Canada definition. This is an area with a concentration of less than 1,000 people and with a population density of less than 400 people per square kilometre. Hence communities larger than 1,000 people which are part of the RNH definition of rural are excluded.

somewhat higher than in urban centres, rural areas were affected by the same overall trend toward smaller families.

TABLE 2.2
AVERAGE NUMBER OF PERSONS PER FAMILY, BY AREA
CANADA, 1961 TO 1986

	1961	1971	1981	1986	% CHANGE
CANADA	3.9	3.7	3.3	2.8	-28.2
Urban	3.7	3.6	3.2	2.7	-27.0
Rural non-farm	4.2	4.0	3.4	3.0	-28.6
Farm	4.5	4.3	3.8	3.5	-22.2

SOURCE: 1961, 1971, 1981, 1986 Census, Statistics Canada.

Declining rural population and household size have been associated with changing composition of housing demand. Younger, working age people are more likely to leave rural areas seeking employment opportunities in larger urban centres. This combined with the general national trend toward an aging population has left rural centres with higher proportions of the very young and the elderly than in 1981. The rising proportion of elderly implies more widowed persons and thus a rising proportion of non-family households. As well, rural areas have been affected by the trend towards more single, separated and divorced persons which has reduced the proportions of two-parent families. However, families generally make up a larger proportion of total households in rural areas than in urban centres.

At the same time, income levels in rural areas have been steadily increasing and the incidence of low-income families and individuals is decreasing. Table 2.3 shows a decline in the share of low-income families and individuals[1] living in rural areas, while the overall share of families and individuals living in rural areas has remained fairly stable.

---

[1] A low-income family is defined by Statistics Canada as one with an income below which 60 per cent or more is spent on food, shelter, and clothing.

TABLE 2.3
DISTRIBUTION OF LOW-INCOME FAMILIES AND INDIVIDUALS BY PLACE OF RESIDENCE, CANADA 1973 AND 1988

	LOW-INCOME FAMILIES	ALL FAMILIES	LOW-INCOME INDIVIDUALS	ALL INDIVIDUALS
1973				
500,000 +	26.4	31.8	37.9	43.2
100,000 - 499,999	19.5	22.4	23.1	25.2
30,000 - 99,999	6.5	7.3	6.7	6.3
Under 30,000	19.4	17.6	19.1	15.5
Rural areas	28.2	20.9	13.2	9.8
TOTAL	100.0	100.0	100.0	100.0
1988				
500,000 +	46.8	44.4	56.1	52.3
100,000 - 499,999	14.9	13.9	17.3	14.4
30,000 - 99,999	11.4	9.6	10.0	8.8
Under 30,000	12.7	12.9	9.7	14.6
Rural areas	14.2	19.2	6.9	9.9
TOTAL	100.0	100.0	100.0	100.0

SOURCE: Statistics Canada, Income Distribution by Size in Canada, 1973 and 1988, Cat. no. 13-207 annual.

The incidence of low income in rural areas declined over the 1973 to 1988 time period as shown in Table 2.4. For unattached individuals who experience higher incidences of low income, the percentage below the cutoffs declined between 1973 and 1988. The data show that while the incidence of low income was higher in rural areas for both families and individuals in 1973, the situation was reversed in 1988. Also in 1988, rural areas (and small communities) had incidences of low income for families and individuals which were lower than for all families and all individuals, which was not the case in 1973.

TABLE 2.4
INCIDENCE OF LOW INCOME IN RURAL AREAS
CANADA 1973 AND 1988

	1973	1988	% CHANGE
RURAL			
Families	17.3	6.2	-11.1
Individuals	47.4	16.2	-31.2
ALL AREAS			
Families	13.4	8.2	-5.2
Individuals	40.2	22.3	-17.9

SOURCE: Statistics Canada, Income Distribution by Size in Canada, 1973 and 1988, Cat. no. 13-207 annual.

While the data on incomes in rural areas is somewhat more difficult to interpret than incomes in other areas given higher rates of self-employment and farm incomes, it does appear that the selective migration occurring has had the net effect of increasing the proportions of households above the low income lines. The observed trends may relate to the out migration of low-income households. While the proportions of low-income households have declined absolutely and relatively, there remain significant numbers of low-income families and individuals. Based on Statistics Canada data for 1988, over 125,000 families and individuals in rural areas were classified as low-income. These households comprised over 8 per cent of rural households.

Housing tenure and stock trends indicate decreasing proportions of homeownership (although ownership remains the dominant tenure type). The percentage of private owner-occupied dwellings in the rural non-farm category declined from 78.3 per cent in 1971 to 76.8 per cent in 1986 at the same time as the percentage of ownership increased in Canada from 60 per cent to 62.1 per cent. The rural housing stock showed increasing proportions of single-detached dwellings (as opposed to multiple dwellings) over the 1971 to 1986 period, the reverse of the general trend in Canada as a whole.

2. Measuring Housing Needs in Rural Areas - 1981 Base Line Needs Data

CMHC has developed a measure of housing problems known as "core housing need". The core housing need population includes any household paying 30 per cent or more of its income for shelter or occupying a dwelling which is too small for the size and composition of the household or a dwelling which is in need of major repairs (structural, electrical,

plumbing, heating, fire safety) and which does not have sufficient income to obtain an adequate or suitable dwelling on the housing market without paying 30 per cent or more of its income for shelter.

The most recent data for assessing rural housing need by Native/non-Native background and geographic area (province, remote/non-remote) is the Base Line Needs Data developed by CMHC and Statistics Canada based on the 1981 Census to measure core housing need.[1] In the discussion of the Base Line Needs Data, core need households are segregated into three groups - those low-income households paying 30 per cent or more of their income for shelter (Demand Need), those low-income households occupying a unit in need of major repairs (Renovation Need), and those low-income households with a combination of programs (Supply Need).

Different definitions of "rural" areas are used in the Base Line Needs Data and in the RNH program. The Base Line Needs Data defined rural to include all unorganised territories, rural municipalities, unincorporated townships under 2,500, hamlets and other unincorporated centres. It does not include incorporated towns and villages with less than 2,500 population (that is, these would fall within the urban category). The RNH program is targeted to centres of 2,500 people or less (and more recently, 10 per cent of the program budget may be allocated to centres with populations between 2,500 and 5,000). Analysis showed that in Manitoba, for example, 21 per cent of RNH units are in centres classified as urban in the Base Line Needs Data. Therefore, the needs determined from the database tend to understate the need in areas served by the program.

The database allows for only broad generalisations about types of needs and the characteristics of households in core need. It does not include information such as the age of household head or of children, single-parent status, types of non-family households, or the extent of substandard conditions in the stock. In defining "need", it used the older definition of crowding (that is, more than one person per room) and not the National Occupancy Standard which allows for the relationship between household composition and number of bedrooms in assessing need.

---

[1] The Base Line Needs Data uses data from the 1981 Census, but with CMHC determined definitions for such things as Native household and rural areas.

a) Housing Needs in Rural Areas - 1981 Base Line Needs Data

Using the Base Line Needs Data to assess the need for housing assistance among rural households, three categories of households are examined, namely: 1) all rural households; 2) households living in the northern rural areas of the provinces and in the rural areas of the two territories; and 3) Native households living off-reserve in rural areas of the provinces and the two territories. The Base Line Needs Data provide estimates of the incidence of core housing need among these three categories and allows consideration of the similarities and differences in the characteristics of need among households in the three categories. It should be noted that in all three categories the data refer to non-farm households only.

Tables 2.5 through 2.8 provide a national overview of the rural core housing need problem. The incidence of households experiencing housing problems was roughly the same in rural areas as in the rest of the country in 1981. However, rural family and non-family households were slightly more likely to be in core need than urban family and non-family households, while rural senior households were less likely to be in core need than urban senior households. The rural core need household is more likely to be a family than the urban core need household.

Rural homeowners are more likely to be in core need than urban homeowners, while rural renters are less likely to be in need. The rural core need household is more likely to be a homeowner than is the urban core need household.

Slightly over 50 per cent of rural core housing need is pure affordability, that is households spending 30 per cent or more of their income on shelter. This is lower than in urban areas. Conversely a larger percentage of the rural housing need is related to the condition, facilities, or size of the home than in urban areas.

Slightly under 50 per cent of the homeowners in need have a pure affordability problem, while over 60 per cent of rural core need renters have an affordability problem. Approximately 50 per cent of rural core need homeowners and renters are families.

TABLE 2.5
INCIDENCE AND DISTRIBUTION OF
CORE HOUSING NEED BY HOUSEHOLD AND TENURE - 1981

CANADA

	TOTAL (000's)	CORE NEED (000's)	DISTRIBUTION %	INCIDENCE %
HOUSEHOLD TYPE				
Family	4,834	501	43.4	10.4
Non-family	1,574	352	30.6	22.3
Senior	1,345	299	26.0	22.3
Total	7,753	1,152	100.0	14.9
TENURE				
Owner	4,765	390	34.5	8.2
Renter	2,919	738	65.4	25.2

RURAL CANADA

	TOTAL (000's)	CORE NEED (000's)	DISTRIBUTION %	INCIDENCE %
HOUSEHOLD TYPE				
Family	941	112	53.0	11.9
Non-family	186	44	20.9	23.7
Senior	301	55	26.1	18.3
Total	1,428	211	100.0	14.8
TENURE				
Owner	1,131	137	68.2	12.1
Renter	273	64	31.8	23.4

SOURCE: Base Line Needs Data, CMHC, 1981.
NOTE: Tenure data excludes Natives.

TABLE 2.6
DISTRIBUTION OF CORE HOUSING
NEED BY TYPE OF PROBLEM - 1981

PROBLEM	CANADA NUMBER (000's)	CANADA DISTRIBUTION %	RURAL CANADA NUMBER (000's)	RURAL CANADA DISTRIBUTION %
Demand	867	75.3	107	50.7
Supply	145	12.6	27	12.8
Renovation	140	12.1	77	36.5
TOTAL	1,152	100.0	211	100.0

SOURCE: Base Line Needs Data, CMHC, 1981.

TABLE 2.7
DISTRIBUTION OF RURAL CORE NEED HOUSEHOLDS
BY TYPE OF PROBLEM AND TENURE - 1981

PROBLEM	OWNER %	RENTER %	TOTAL %
Demand	32.5	20.1	52.6
Supply	8.5	4.3	12.8
Renovation	27.0	7.6	34.6
TOTAL	68.0	32.0	100.0

SOURCE: Base Line Needs Data, CMHC, 1981.
NOTE: Excludes Natives.

TABLE 2.8
DISTRIBUTION OF RURAL CORE NEED HOUSEHOLDS
BY HOUSEHOLD TYPE AND TENURE - 1981

HOUSEHOLD TYPE	OWNER %	RENTER %	TOTAL %
Family	36.1	16.0	52.1
Non-family	12.0	8.9	20.9
Senior	19.9	7.1	27.0
TOTAL	68.0	32.0	100.0

SOURCE: Base Line Needs Data, CMHC, 1981.
NOTE: Excludes Natives.

The incidence of rural core need varies from a high of 51.3 per cent in the Northwest Territories to a low of 10.3 per cent in British Columbia. As shown in Table 2.9, in most provinces, the incidence rates in rural areas are not substantially different from the incidence rates for all households (including both urban and rural). When rural core need is considered as a percentage of all core need, the variability reflects urbanisation levels in the population. For example, rural core need makes up half or more of total core need in the Atlantic provinces, 35.7 per cent in Saskatchewan, almost 92 per cent in the Northwest Territories and almost 51 per cent in the Yukon. On average in Canada, slightly over 18 per cent of core need was in rural areas in 1981.

TABLE 2.9
INCIDENCE OF RURAL CORE NEED
BY PROVINCE AND TERRITORY, 1981

PROVINCE/ TERRITORY	INCIDENCE OF CORE NEED		RURAL CORE NEED AS PERCENTAGE OF ALL CORE NEED
	ALL HOUSEHOLDS %	RURAL HOUSEHOLDS %	%
Newfoundland	16.1	18.2	51.7
Prince Edward Island	18.8	17.3	63.9
Nova Scotia	16.7	16.0	48.7
New Brunswick	16.4	16.7	49.6
Quebec	15.4	14.5	16.2
Ontario	14.0	12.8	10.2
Manitoba	15.6	17.0	23.5
Saskatchewan	14.7	15.2	35.7
Alberta	14.9	15.6	16.8
British Columbia	14.0	10.3	11.2
Northwest Territories	43.9	51.3	91.8
Yukon	17.3	23.3	50.7
CANADA	14.9	14.8	18.4

SOURCE: Base Line Needs Data, CMHC, 1981.

While the types of housing problems and types of households in need in rural areas varied among provinces, the highest ranked needs were generally related to the affordability of housing, shown as "demand" in Table 2.10 and the largest proportion of need was among family households, predominantly those owning their dwellings. About a third of the need was related to inadequate housing conditions except in Newfoundland and the two territories where dwelling stock quality was the primary problem.

TABLE 2.10
TYPES OF RURAL CORE NEED AND TYPES
OF HOUSEHOLDS IN NEED, BY PROVINCE AND TERRITORY, 1981

PROVINCE/ TERRITORY	DISTRIBUTION OF RURAL HOUSEHOLDS IN CORE NEED TYPE OF HOUSING PROBLEM			HOUSEHOLD TYPE		
	DEMAND %	SUPPLY %	RENOVATION %	FAMILY %	NON-FAMILY %	SENIORS %
Newfoundland	29.1	10.2	60.7	65.2	12.5	22.3
P.E.I.	53.0	16.6	30.3	52.1	17.0	30.9
Nova Scotia	45.0	13.0	42.0	52.8	17.8	29.5
New Brunswick	45.5	14.3	40.2	62.1	15.8	22.0
Quebec	61.6	13.9	24.5	56.0	20.6	23.4
Ontario	61.2	13.1	25.7	48.7	22.7	28.5
Manitoba	40.9	12.7	46.3	42.9	20.5	36.5
Saskatchewan	46.6	12.1	41.3	40.4	22.4	37.2
Alberta	45.2	13.0	41.8	50.0	23.0	26.9
British Columbia	56.1	14.3	29.5	48.0	31.8	20.2
N.W.T.	6.6	4.7	88.8	74.1	13.6	12.3
Yukon	14.3	5.6	80.1	52.0	25.7	22.2
CANADA	50.7	12.8	36.5	53.0	20.9	26.1

SOURCE: Base Line Needs Data, CMHC, 1981.

The incidence of core need among families is significantly higher in the Northwest Territories (Table 2.11). There is little difference among the remaining provinces and territories. For non-family households, the incidence of core need is highest in the Northwest Territories, followed by Newfoundland. The incidence of core need among seniors is highest in the Northwest Territories and the Yukon.

TABLE 2.11
INCIDENCE OF RURAL CORE NEED AMONG
HOUSEHOLD TYPES BY PROVINCE AND TERRITORY, 1981

PROVINCE/ TERRITORY	FAMILY %	NON-FAMILY %	SENIORS %
Newfoundland	15.7	34.3	22.8
Prince Edward Island	13.7	26.3	23.1
Nova Scotia	12.6	26.6	21.4
New Brunswick	14.8	27.7	18.4
Quebec	11.6	24.6	19.3
Ontario	9.8	21.8	15.5
Manitoba	12.6	27.3	21.0
Saskatchewan	11.6	23.7	17.2
Alberta	12.0	23.7	21.3
British Columbia	7.5	17.5	13.9
Northwest Territories	53.2	36.0	67.8
Yukon	19.5	22.2	49.2
CANADA	11.9	23.7	18.3

SOURCE: Base Line Needs Data, CMHC, 1981.

b) Rural Core Need in Northern Areas - 1981 Base Line Needs Data

The distribution of rural core need in northern areas across Canada, shown in Table 2.12, reflects the distribution and composition of the population to a large extent. Over half of the northern, rural core need is found in two provinces, Alberta and Ontario. In rural, northern areas of the Northwest Territories, over half of the households are in core housing need, while in rural, northern areas of Saskatchewan, over one-third are in core housing need. The incidence of core housing need is also high in rural northern areas of Manitoba. In the territories, all the rural core need is categorised as northern, followed by Alberta which had over half of its rural need in its northern area. In Newfoundland and British Columbia, a quarter of the rural need is in the northern area while Ontario and Manitoba have about a fifth of their rural need in the north.

TABLE 2.12
CORE NEED IN RURAL NORTHERN AREAS, 1981

PROVINCE/ TERRITORY	DISTRIBUTION OF CORE NEED %	INCIDENCE OF CORE NEED %	PERCENTAGE OF RURAL CORE NEED %
Newfoundland	8.1	19.1	24.7
P.E.I.	0.0	0.0	0.0
Nova Scotia	0.0	0.0	0.0
New Brunswick	0.0	0.0	0.0
Quebec	2.2	23.2	1.5
Ontario	24.3	15.8	22.3
Manitoba	6.2	29.0	19.1
Saskatchewan	4.2	34.4	10.7
Alberta	25.2	16.7	54.5
B.C.	10.5	10.7	26.3
N.W.T.	17.4	51.3	100.0
Yukon	1.9	23.3	100.0
CANADA	100.0	18.8	17.5

SOURCE: Base Line Needs Data, CMHC, 1981.

The characteristics of households in need and the types of needs in northern areas differ somewhat from the general rural population in need (Table 2.13). A somewhat higher proportion of those in need in northern areas tend to be families and the major type of need is related to renovation rather than the affordability of housing. Whereas 53 per cent of rural core need households were families, 60.2 per cent of northern rural core need households were families. The proportions of non-family households are roughly equivalent in the two instances. There is a lower proportion of senior households in northern need groups.

There is a higher incidence of need among rural northern families and seniors than among rural families in general, but a lower incidence of need among non-family households in northern areas than among non-family households in rural areas (Table 2.14).

TABLE 2.13
DISTRIBUTION OF CORE NEED
IN RURAL NORTHERN AREAS, 1981

PROVINCE/ TERRITORY	TYPE OF HOUSING PROBLEM			HOUSEHOLD TYPE		
	DEMAND %	SUPPLY %	RENOVATION %	FAMILY %	NON-FAMILY %	SENIOR %
Newfoundland	27.8	11.1	61.0	69.4	13.9	16.7
P.E.I.	-	-	-	-	-	-
Nova Scotia	-	-	-	-	-	-
New Brunswick	-	-	-	-	-	-
Quebec	4.2	39.0	56.7	82.9	5.9	11.2
Ontario	40.9	15.0	44.0	51.9	22.6	25.5
Manitoba	15.0	13.8	71.2	63.2	18.0	18.9
Saskatchewan	13.7	18.8	67.5	71.5	11.0	17.3
Alberta	33.4	7.6	58.9	55.1	17.3	27.6
British Columbia	46.2	15.2	38.6	52.8	30.0	17.2
N.W.T.	6.6	4.7	88.8	74.1	13.6	12.3
Yukon	14.3	5.6	80.1	52.1	25.7	22.2
CANADA	28.3	11.7	60.0	60.2	18.7	21.0

SOURCE: Base Line Needs Data, CMHC, 1981.

TABLE 2.14
INCIDENCE OF CORE NEED IN
RURAL NORTHERN AREAS, 1981
BY HOUSEHOLD TYPE

PROVINCE/ TERRITORY	FAMILY %	NON-FAMILY %	SENIOR %
Newfoundland	17.0	31.4	23.7
Prince Edward Island	-	-	-
Nova Scotia	-	-	-
New Brunswick	-	-	-
Quebec	23.6	10.6	50.0
Ontario	12.4	24.6	20.7
Manitoba	25.9	29.5	47.8
Saskatchewan	33.5	26.5	48.6
Alberta	13.8	20.9	23.4
British Columbia	7.8	16.7	22.4
Northwest Territories	53.2	36.0	67.8
Yukon	19.5	22.1	49.2
CANADA	16.4	23.1	25.7

SOURCE: Base Line Needs Data, CMHC, 1981.

Whereas the major problem for rural households in need was affordability (or demand) which accounted for 50.7 per cent of the need, only 28.3 per cent of the northern rural need group had affordability problems. Instead, 60 per cent of the northern need households had renovation problems. The proportions for "demand" and "renovation" were, therefore, reverse in the north as compared with the general rural need population.

c) Native Rural Core Need - 1981 Base Line Needs Data

As already noted, the standard source for information on ethnicity is the Census conducted by Statistics Canada. This information was collected on a sample basis in 1981 rather than from the full survey, and was self-reported. This was also the first year that a respondent could trace ethnic origin from both maternal and paternal ancestors. Prior to that date, ethnicity was established by paternal ancestors only. Also the first year that multiple ethnic origins were accepted was 1981. Those households claiming Inuit, Status Indian, non-Status Indian, or Métis ancestry in the 1981 Census were as follows (Table 2.15):

TABLE 2.15
NATIVE POPULATION - 1981 CENSUS

TOTAL	INUIT	STATUS INDIAN	NON-STATUS INDIAN	MÉTIS
491,500	25,400	292,700	75,100	98,300

SOURCE: 1981 Census, Statistics Canada.

The number of Status Indians living on-reserve in 1981 was estimated by Indian and Northern Affairs to be 227,492. This means that there were approximately 263,500 Natives living off-reserve in 1981, which is less than two per cent of the population, but is 54 per cent of the total Native population.

The 1981 Census count of the Native population has been disputed as being too low. Unfortunately there is no direct way of estimating the existence of, and extent of, this under reporting. The major area of disagreement lies with the number of Métis and non-Status Indians. The Native Council of Canada claims that it represents 750,000 people, and that there are 1,257,000 Métis and non-Status Indians in total. These numbers are not, however, based on a survey of NCC members. There are two studies which provide estimates of the size of the Native population. One done for the Secretary of State (Taylor, 1979) estimated there were between 700,000 and 1,200,000 Métis and non-Status Indians and 300,000 Status

Indians and Inuit. Another study (Valentine, 1980) gave figures presenting a total Native population of 1.1 million, of which almost 800,000 were Métis and non-Status Indians. The Taylor study compiled various estimates from government departments such as DREE, Secretary of State, and Employment and Immigration, which were based on information supplied by the Native organisations. The Valentine study also used data supplied by the Native Council of Canada. Therefore, these studies do not represent independent verifications of the Native population estimates.

Partly in response to concerns about the accuracy of the Census, Statistics Canada added an ethnicity question to the 100 per cent survey for the 1986 Census. The results showed a total of 590,000 Inuit, Status Indian, non-Status Indian and Métis persons. But these counts were not published in 1986 because of discrepancies with other ethnicity-related questions. Further, many claiming Native ancestry for this particular question did not do so in a follow-up survey (50 per cent in total).

Statistics Canada also asked 20 per cent of the population whether they or their ancestors were Natives. This was similar to the 1981 Census question, with the exception that the Status and non-Status Indian categories were combined into a North American Indian category. Also the respondents were encouraged to report multiple ancestries whereas in 1981 they were not encouraged to do so. The results for this question are as follows (Table 2.16):

TABLE 2.16
NATIVE POPULATION - 1986 CENSUS
(#)

	INUIT	MÉTIS	NORTH AMERICAN INDIAN	TOTAL
Single origin	27,290	59,745	286,230	373,265
Multiple origins	9,175	91,865	262,730	363,770
TOTAL	36,465	151,610	548,960	737,035[1]

SOURCE: 1986 Census, Statistics Canada.
NOTE: [1] Excludes approximately 45,000 people living on-reserve who refused to participate in the Census.
One per cent (5,960) gave a multiple response that included only aboriginal origins (e.g. Métis and North American Indian).

Of this population, 264,187 live on-reserve and/or Crown land. Most of these would be Status Indians. Thus less than two per cent of the off-reserve population claimed Native ancestry in 1986.

This discussion on the size of the Native population and the difficulties in identifying Natives through the Census should be considered in the following discussion of rural Native households in core housing need. The Base Line Needs Data produced by Statistics Canada for CMHC used the 1981 Census data.[1] It is really the only source of information which can be used to identify 1) Native households and 2) Native households in core housing need. While there may be problems with the data, there is really no firm basis either to reject or to adjust the results.

The data show that 24,070 Native households living off-reserve in Canada were in core housing need which represented 35.2 per cent of the Native population. Of these households, 10,255 lived in rural areas where the incidence of Native rural core need was 44.2 per cent, as shown in Table 2.17. Most of the rural Native core need is located in the Northwest Territories, the Prairie provinces and Ontario. In the Northwest Territories and the Yukon, Native need comprises 45 per cent and 34 per cent of the total rural need respectively. In all other areas, the Native core need represents a small percentage of the total rural core need.

---

[1] Statistics Canada did not define a Native household in the 1981 Census. Rather, it identified Native persons. CMHC used the 1981 Census to identify Native households by selecting those households in which a Native person resided.

TABLE 2.17
NATIVE RURAL CORE NEED, 1981

PROVINCE TERRITORY	NATIVE RURAL HOUSEHOLDS NUMBER OF HOUSEHOLDS #	NATIVE RURAL HOUSEHOLDS IN CORE NEED NUMBER OF HOUSEHOLDS #	INCIDENCE OF CORE NEED %	PERCENTAGE OF TOTAL RURAL CORE NEED %
Newfoundland	615	235	38.2	1.9
P.E.I.	30	-	0.0	0.0
Nova Scotia	475	145	30.5	5.5
New Brunswick	180	60	33.3	0.4
Quebec	1,920	650	33.9	0.7
Ontario	3,155	1,065	33.8	2.6
Manitoba	3,230	1,425	44.1	11.9
Saskatchewan	2,610	1,175	45.0	8.1
Alberta	3,120	1,705	54.6	10.0
B.C.	2,940	630	21.4	4.3
N.W.T.	4,395	2,920	66.4	45.4
Yukon	555	245	44.1	34.0
CANADA	23,225	10,255	44.2	4.6

SOURCE: Base Line Needs Data, CMHC, 1981.

The characteristics of Native rural core need households are considerably different from those of the non-Native core need households (Table 2.18). Seventy per cent of the Native households are families, only 16 per cent non-families and 14 per cent seniors. The types of housing problems are also different. Nearly 70 per cent of the core need problems are related to home renovation, only 16 per cent related to affordability and 15 per cent related to supply problems. The characteristics of Native housing need by province and territory follows on Tables 2.18 and 2.19.

To conclude, the rationale for the Native target of 50 per cent of activity under the RNH programs obviously is not based on the principle that the share of program activity going to Natives should reflect their share of the core need population. Rather the rationale for the Native target of 50 per cent of program activity seems to be rooted in the finding that 44 per cent of rural Native households are in core housing need compared to 14 per cent of all rural households being in core housing need. Thus the Native target is a form of affirmative action which has the objective of accelerating the rate that Natives are served under the RNH programs so that over time the percentage of Native households in core housing need is significantly reduced relative to the percentage of non-Native households in core housing need.

TABLE 2.18
TYPES OF NATIVE RURAL CORE NEED AND TYPE OF HOUSEHOLDS IN NEED BY PROVINCE AND TERRITORY, 1981

PROVINCE/ TERRITORY	TYPE OF HOUSING PROBLEM			HOUSEHOLD TYPE		
	DEMAND %	SUPPLY %	RENOVATION %	FAMILY %	NON-FAMILY %	SENIOR %
Newfoundland	0	0	100	79	21	0
P.E.I.	0	0	0	0	0	0
Nova Scotia	60	0	40	79	21	0
New Brunswick	100	0	0	100	0	0
Quebec	22	32	46	75	16	9
Ontario	31	21	48	64	23	13
Manitoba	16	15	69	63	18	19
Saskatchewan	20	21	59	69	13	18
Alberta	14	16	70	67	15	18
British Columbia	37	28	35	67	28	5
N.W.T.	4	4	92	75	12	13
Yukon	0	0	100	55	20	25
CANADA	16	15	69	70	16	14

SOURCE: Base Line Needs Data, CMHC, 1981.

TABLE 2.19
INCIDENCE OF RURAL NATIVE CORE NEED BY HOUSEHOLD TYPE, BY PROVINCE AND TERRITORY, 1981

PROVINCE/ TERRITORY	FAMILY %	NON-FAMILY %	SENIOR %
Newfoundland	36.6	62.5	0.0
Prince Edward Island	0.0	0.0	0.0
Nova Scotia	33.8	33.3	0.0
New Brunswick	44.0	0.0	0.0
Quebec	33.0	39.6	32.4
Ontario	29.7	42.1	50.0
Manitoba	40.2	52.0	54.0
Saskatchewan	44.0	44.9	49.4
Alberta	51.8	59.5	63.3
British Columbia	19.7	28.0	19.4
Northwest Territories	43.5	37.0	54.5
Yukon	68.8	51.1	71.7
CANADA	42.7	44.3	52.9

SOURCE: Base Line Needs Data, CMHC, 1981.

d) Summary of Base Line Needs Data

In summary, the Base Line Needs Data suggest that the housing needs of rural households, are more related to the condition of their housing than are the needs of urban households. Native households are less likely to experience affordability problems, as are households in northern or remote rural areas. Core need households in general include a large percentage of families. In northern and Native groups, the proportions of families are even higher. It should be noted, however, that although families make up the largest part of the core need groups, the incidence of core need among senior citizen households is generally much higher. Similarly, while Native households appear to make up only a small component of the total rural need, the incidence of core need for Native households is very high. This appears to be the basis for the target of 50 per cent of program activity going to Natives.

However, the lack of more up-to-date information creates difficulties in using the data for program purposes. In addition, the 1981 figures are not able to distinguish private units from assisted units in need. Thus, for example, there is the possibility of a deteriorated RNH unit contributing to the overall rural need figures.

Other sources such as the recent public housing evaluation by CMHC have suggested that the need for further assisted housing in some rural areas should be carefully examined in view of continuing vacancy rates in some parts of the rural public housing stock. Further work is needed to develop housing need estimates that are sufficiently reflective of and sensitive to rural and remote housing needs. In addition, the perceptions of need among rural households themselves may differ from the statistical picture provided from census-type surveys. Consideration could be given to more special-purpose, rural need studies to develop up-to-date measures of rural housing need by ethnic background. Clearly, more up-to-date and comprehensive data are required to define current rural housing need for policy and program planning purposes.

3. Core Need Estimates from 1988 HIFE Survey

In order to check the picture being portrayed by the 1981 Census, data from more recent Statistics Canada surveys (Household Income, Facilities and Equipment) are used. The HIFE data are based on a smaller sample. The accuracy of the information on Native households in the HIFE database is in question because of the small size of the sample. Remote areas cannot be identified on the HIFE database. As with the

Census data the definition of rural does not conform to the RNH program definition.[1] The core housing need estimates from HIFE for 1988 are shown below (Table 2.20).

TABLE 2.20
CORE HOUSING NEED - HIFE 1988

	URBAN	RURAL	TOTAL
Number (000's)	1,116	144	1,260
Incidence (%)	14.8	10.1	14.0
Share (%)	88.6	11.4	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

a) Characteristics of Rural Core Need Households, 1988 HIFE

The HIFE (1988) data make possible the evaluation of a range of household characteristics based on core need status. The following section and Appendix I to this chapter provide a comparative description of household characteristics of core need households by the area indicator (urban/rural).

According to the 1988 HIFE, most of the rural core need households live in Quebec (20.1 per cent), followed by Ontario (18.1 per cent) and then New Brunswick (11.1 per cent) (Table 2.21). This contrasts with the distribution of the urban core need population, which is found mostly in Ontario (31.9 per cent), Quebec (29.7 per cent) and British Columbia (15.1 per cent).

[1] Rural in this section refers to the current Statistics Canada definition. This is an area with a concentration of less than 1,000 people and with a population density of less than 400 people per square kilometre.

TABLE 2.21
DISTRIBUTION OF HOUSEHOLDS BY PROVINCE
CORE AND NON-CORE NEED
(%)

	URBAN AREAS[1]			RURAL AREAS		
PROVINCE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Newfoundland	1.4	1.4	1.4	7.6	3.6	4.0
P.E.I.	0.3	0.2	0.2	2.1	1.9	1.9
Nova Scotia	3.1	2.5	2.6	9.0	7.3	7.4
New Brunswick	2.2	1.8	1.9	11.1	6.0	6.5
Quebec	29.7	26.1	26.7	20.1	24.4	23.9
Ontario	31.9	39.6	38.5	18.1	25.1	24.4
Manitoba	4.6	3.8	3.9	4.9	5.2	5.1
Saskatchewan	2.9	2.9	2.9	9.0	8.2	8.2
Alberta	8.7	9.2	9.1	9.0	9.0	9.0
British Columbia	15.1	12.5	12.9	9.0	9.5	9.5
CANADA[2]	99.9	100.0	100.1	99.9	100.2	99.9

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

NOTES: [1] Urban areas can be:
1) large urban centres of 500,000 or more;
2) large urban centres of 100,000 to 499,999;
3) minor urban centres of 30,000 to 99,999; and
4) other urban centres of under 30,000.

[2] Totals do not add up to 100 due to rounding.

Table 2.22 shows nationally, the incidence of households in core need is lower in the rural (10.1 per cent) than the urban (14.8 per cent) areas. Within rural areas, the incidence of core need is highest in Newfoundland (19.3 per cent). Rural core need is also relatively high in New Brunswick (17.1 per cent). Although Ontario and Quebec have the highest percentages of rural core need households as shown in the previous table, the incidences of core need in these provinces are actually lower than the rest of Canada.

TABLE 2.22
INCIDENCE OF CORE AND NON-CORE NEED HOUSEHOLDS WITHIN PROVINCES
(%)

	URBAN AREAS			RURAL AREAS		
PROVINCE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Newfoundland	15.2	84.8	100.0	19.3	80.7	100.0
P.E.I.	20.8	79.2	100.0	12.5	87.5	100.0
Nova Scotia	17.9	82.1	100.0	11.9	88.1	100.0
New Brunswick	17.6	82.4	100.0	17.1	82.9	100.0
Quebec	16.4	83.6	100.0	8.4	91.6	100.0
Ontario	12.3	87.7	100.0	7.3	92.7	100.0
Manitoba	17.5	82.5	100.0	9.8	90.2	100.0
Saskatchewan	14.7	85.3	100.0	10.8	89.2	100.0
Alberta	14.1	85.9	100.0	10.1	89.9	100.0
British Columbia	17.3	82.7	100.0	9.9	90.1	100.0
CANADA	14.8	85.2	100.0	10.1	89.9	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

In rural areas, over one-third of the core need households are single-person households (Table 2.23). This is much lower than the proportion found in urban core need households, where 52.2 per cent are single-person households. The proportion of core need households who are single-parent households is also lower in rural areas (13.1 per cent) than in urban areas (16.1 per cent). Almost one-third of rural core need households comprise families with children as compared to 12.3 per cent of urban core need households who are in this category. There are also relatively more couples without children in the rural core need population than in the urban core need population.

TABLE 2.23
DISTRIBUTION OF HOUSEHOLDS BY HOUSEHOLD TYPE
CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
HOUSEHOLD TYPE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Single-person	52.2	18.7	23.6	38.4	10.4	13.2
Single-parent	16.1	5.4	7.0	13.1	4.0	5.0
Couple no child.	10.6	24.4	22.4	15.8	26.9	25.7
Couple with child.	12.3	40.1	36.0	27.0	50.9	48.5
Extended family	0.9	4.0	3.5	0.7	3.7	3.4
Other	7.9	7.4	7.5	5.0	4.1	4.2
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

On average, rural households are larger than urban. Within the rural core need population, larger household sizes are found in single-parent families and couples with children (Table 2.24). Urban core need households are also larger if they are couples with children, extended families, or other family types.

TABLE 2.24
AVERAGE HOUSEHOLD SIZE BY HOUSEHOLD TYPE
CORE AND NON-CORE NEED
(#)

HOUSEHOLD TYPE	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
ALL HOUSEHOLDS	1.9	2.8	2.7	2.4	3.1	3.0
Single-person	1.0	1.0	1.0	1.0	1.0	1.0
Single-parent	2.7	2.7	2.7	2.9	2.7	2.8
Couple no child.	2.0	2.0	2.0	2.0	2.0	2.0
Couple with child.	4.0	3.9	4.0	4.2	4.1	4.1
Extended family	-	4.6	4.6	-	4.8	4.8
Other	2.7	2.5	2.5	2.6	2.7	2.7

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

NOTE: "-" indicates less than 50 cases.

Rural households generally have lower average incomes. Core need households in rural areas have average incomes of less than $10,500 as shown in Table 2.25. There is a wide gap in average incomes between those in core need and those not in core need for both rural and urban areas.

TABLE 2.25
AVERAGE HOUSEHOLD INCOME BY HOUSEHOLD TYPE
CORE AND NON-CORE NEED
($)

HOUSEHOLD TYPE	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
ALL HOUSEHOLDS	11,416	44,607	39,702	10,322	37,402	34,677
Single-person	9,580	26,210	20,791	8,107	19,335	16,058
Single-parent	12,139	34,939	27,175	11,041	31,121	25,766
Couple no child.	11,621	42,247	40,103	9,862	33,400	31,954
Couple with child.	15,263	54,432	52,447	12,880	42,828	41,148
Extended family	-	61,141	59,575	-	50,569	49,764
Other	15,136	43,956	39,443	12,696	36,523	33,637

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.
NOTE: "-" indicates less than 50 cases.

Shelter costs are lower in rural than urban areas (Table 2.26). On average, rural core need households pay $3,392 annually for shelter while urban core need households pay $4,889. The shelter cost-to-income ratio similarly reflects the higher cost of urban living. Proportionately fewer rural (63.9 per cent) than urban (86.5 per cent) core need households have an affordability problem.

Adequacy is a problem if the dwelling occupied by a household is in need of major repairs and/or lacks basic facilities. Rural core need households show a higher incidence of inadequate conditions than urban core need households as illustrated by the large differences between rural and urban core need households with major repair need.

Since rural households are larger than urban households, crowding problems would be expected to be more prevalent in rural areas than urban. But the reverse is true; 19.9 per cent of urban core need households have crowding problems as opposed to 11.2 per cent of rural core need households. However, there is still more crowding in core need than non-core need households.

TABLE 2.26
LIVING CONDITIONS - CORE AND NON-CORE NEED

	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Average shelter cost ($)	4,889	6,055	5,883	3,392	4,290	4,199
Average shelter-to-income ratio (%)	45.6	15.9	20.3	35.6	13.2	15.4
Affordability problems (%)	86.5	6.2	18.1	63.9	5.2	11.1
Major repairs (%)	15.5	8.1	9.2	39.4	11.8	14.6
Adequacy problem (%)	16.5	8.4	9.6	46.4	12.4	15.8
Crowding (%)	19.9	7.7	9.5	11.2	5.1	5.7

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Table 2.27 focuses on the rural core need population. Shelter cost-to-income ratios are generally high among all rural core need household types. In terms of affordability problems, the incidence is highest for single-parent households followed by couples without children. The table also shows that couples with children have the highest shelter expenses. But the higher expenses do not translate into higher incidences of affordability problems, being offset somewhat by higher incomes. Repair problems are relatively high for singles, childless couples, and couples with children. Single-parents and couples with children are more likely to experience crowding than are other rural core need household types.

TABLE 2.27
HOUSING CHARACTERISTICS OF RURAL CORE NEED[1] HOUSEHOLDS

HOUSEHOLD TYPE	AVERAGE SHELTER COST $	AVERAGE SHELTER-TO-INCOME %	AFFORD-ABILITY PROBLEM %	MAJOR REPAIRS %	ADEQ-UACY %	CROWDED %
Single-person	2,730	35.9	64.2	38.9	48.2	3.3
Single-parent	3,894	37.5	75.8	25.4	29.5	23.2
Couple no children	3,560	38.8	69.3	41.0	45.7	0.0
Couple with children	4,161	35.0	60.9	41.2	48.0	20.0
Extended family	-	-	-	-	-	-
Other	2,375	20.9	29.6	64.5	68.5	27.4

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

NOTES: [1] Core need is derived in two stages. The first stage identifies households who experience any of the following problems: crowding, adequacy or affordability. The second stage determines which of those households with first stage problems fall below the Norm Rent Income Line. Norm Rent Income is based on population size, bedroom count, and the five geographical regions (Atlantic, Quebec, Ontario, Prairies, and British Columbia).
"-" indicates less than 50 cases.

b) Summary of 1988 HIFE Data on Rural Core Housing Needs

In sum, the incidence of households in core need is lower in rural than urban centres. The eastern provinces appear to have higher incidences of both rural and urban households who are in core need. Rural core need households are on average larger than urban core need households. They are more likely to be couples with children and single-parent households. Rural core need households have lower incomes than urban core need households.

In terms of housing problems, rural core need households are less likely than urban core need households to have shelter costs which consume 30 per cent or more of income. This is because shelter costs are generally lower in rural areas. However, rural core need households are more likely to occupy a unit needing major repairs or lacking basic facilities. They are less likely to occupy a unit which is too small for their household size and composition.

Nevertheless, affordability is still the major problem faced by rural core need households, followed closely by adequacy.

Crowding as expected, is the least common problem among rural core need households.

More information on the characteristics of the core and non-core need populations in urban and rural areas is available in Appendix I to this chapter, located at the end of this report.

B. Appropriateness of the Design of the RNH Programs

The analysis in the previous section confirmed the need for housing assistance in rural communities and especially among their Native residents. Whether the RNH programs have been effectively designed to meet these requirements, however, is the subject of the following discussion. There are three main aspects of interest:

- the legislative and administrative framework for the Rural and Native Housing programs;
- the consistency of the tenure models (i.e. homeowner/ rental) with the housing conditions in RNH communities; and
- the program mechanisms which impact on the physical quality of the housing produced under the programs.

1. Legislative/Administrative Framework

The RNH programs are authorised under several sections of the National Housing Act. Section 79 is used to purchase or construct units which are owned by the federal/provincial partnership and either sold or rented to RNH clients. Section 79 can also be used to make capital improvements on units owned by the partnership. Section 92 is used to develop and repair RNH housing unilaterally by CMHC. Where the province is the Active Party for program delivery purposes, a Trust Agreement must be executed giving the province the right to own the properties in trust for CMHC. Under Section 57 a lending approach is followed for the construction of RNH homeownership units and the subsidisation of mortgage payments is authorised under Section 58. In Quebec, the provision of rental units in rural areas occurs under Section 95.

Because of the different approaches in use under different sections of the NHA, RNH delivery, administration and accounting procedures are varied and complex. For example, notwithstanding the fact that the owner-occupant is responsible for maintaining and repairing his unit, where the partnership has agreed to undertake repairs to homeownership units, the units may be reacquired by CMHC or the partnership, repaired and then resold to the client. Remortgaging would be less complex as would direct budgetary expenditures to cover post-occupancy and remedial repairs (which is now possible following authorisation by Treasury Board in 1987).

In addition, the introduction of the 1986 F/P/T Agreements requires that the pre-1986 and post-1985 portions of the portfolio be separately accounted and administered, although in practice, portfolio administration is combined in most provinces/territories.

2. Consistency of Tenure Approaches

The provision of housing under the RNH programs makes use of either a homeownership or rental approach. Under the 1986 F/P/T Agreements, a lease-purchase option was introduced which is essentially rental at the outset with the property purchased by the occupant at a future date. The rental option is consistent with the provision of social housing assistance in urban areas wherein tenants pay a rent geared to their income for fully-serviced accommodation. While no comparable homeownership assistance is provided under social housing programs in urban areas, the RNH homeownership approach is based on a standardised mortgage lending arrangement. The partnership develops the housing which is purchased by the clients. A mortgage is provided by the client and a portion of the mortgage payment is subsidised. The client is responsible for the operation, maintenance, repair and improvement of the house and for all operating costs. A heating allowance is deducted from the mortgage payment. This is intended to assist the client with payments for heating fuel.

It has been suggested that the urban-based model of mortgage and rent payments may be inconsistent with the social, economic and cultural realities of the clients in many rural and remote RNH communities. One source of this inconsistency is the virtual non-existence of an economic base and housing market in many remote communities. In these communities, housing is often viewed as shelter only and may have little or no market or investment value. Fluctuating incomes as a result of seasonal work may not be applicable to the responsibilities for mortgage or rent payments and maintenance expected under the programs.

The rental approach provides an alternative to homeownership for households unable to carry out the responsibilities of homeownership because they lack the ability, desire or financial resources to own and operate their house. The requirement for rental payments, however, remains with this approach. The "self-help" homeownership approach, as embodied in the RNH Demonstration program, also provides an alternative to the mortgage-based homeownership approach since the mortgage payment aspect is eliminated. Responsibilities for the maintenance and the operation of the house, however, remain with this approach.

3. Housing Quality

Housing conditions differ between urban and rural areas. Furthermore, community standards and norms also differ within rural areas depending on the administrative organisation of the community, the availability of services, local economic and social conditions and the availability of assisted housing in the community. The housing quality measures in use for the RNH programs are derived from the F/P/T Agreements on Social Housing and are directed to providing housing which meets minimum standards of adequacy and suitability. The appropriateness of these requirements may be questioned with respect to the availability of services and community norms, especially in northern and remote communities. This is recognised in the design of the RNH Demonstration program which eliminates the requirement for all basic services depending on availability. However, minimum standards of housing quality, construction and completeness are intended to remain constant across all programs. The consistency of these measures of housing quality with local norms and standards of what constitutes a complete and acceptable housing unit which meets the needs of the occupants can be questioned. In practice, due to the lack of, or reduced emphasis on land use planning, maintenance and occupancy standards and the lack of services in some communities, it can be argued that a separate rural housing "standard" exists. This, however, may not be by choice.

It has also been argued that a separate housing quality standard should exist for housing which is self-built by the occupants and for housing which is contractor-built. Occupants, it is argued, cannot be expected to achieve the same standard of construction quality as trained and experienced contractors. The experience of constructing one's own home is intended to result in a better understanding, ability and desire to take care of and maintain the house. Under the self-help provisions of the RNH Demonstration and F/T HAP programs, the participation of the occupants in the construction of the house is not intended to have negative impacts on the overall construction quality and completeness of the unit.

The Emergency Repair Program operates as part of the same F/P/T Agreements on Social Housing. However, ERP differs significantly from the other programs in that there is no minimum housing quality requirement. The assistance is provided to address immediate health and safety threats without regard to the overall adequacy or suitability of the dwelling. Thus, by program design, ERP recipients are likely to still experience housing problems as defined in the F/P/T Agreements on Social Housing after receipt of assistance under the program.

C. Summary

This chapter has examined the rationale for social housing programs in rural areas, and for giving Natives preference in the selection of clients.

The evidence presented in this chapter indicates that there remains outstanding rural housing needs despite the overall decline in the rural population and the efforts exerted by governments under the various housing programs, including the RNH programs. The data from the 1981 Census and from HIFE 1988 show that over 60 per cent of the need is affordability. This percentage is lower than in urban areas, where over 85 per cent of core need households have affordability problems.

The analysis also demonstrates that while Natives are a small portion of the rural core need population, they are in relatively greater need than non-Natives. Therefore the rationale for the target of 50 per cent is one of affirmative action to reduce the percentage of rural Native households in need relative to the percentage of rural non-Native households in need, rather than one of ensuring that they receive their fair share of units. There are no recent data on the percentage of rural Native households in need which can be used to determine whether this rationale is still valid.

At present, different program activities are authorised under different sections of the National Housing Act and their use varies between provinces. This makes the administrative process complex. The monthly RNH shelter payment requirement is inconsistent with the irregular income pattern that some rural residents may have. And the absence of infrastructure services and variation in building norms among some rural communities makes it difficult to comply with the Regular program's requirements for units to be built with all basic services. Both of these features have been eliminated in the design of the RNH Demonstration program. Whether the legal, financial and building development adjustments should become part of the RNH Regular program is examined further in subsequent chapters of this report as part of the objectives achievement and impacts and effects analysis.

III THE AFFORDABILITY, SUITABILITY, AND ADEQUACY OF HOUSING PROVIDED UNDER THE RNH PROGRAMS

The key objective of the Rural and Native Housing programs authorised by the Federal Cabinet in 1986 is to assist households in need who cannot obtain affordable, adequate and suitable shelter on the private market with fifty per cent of RNH activity being targeted to Natives. This objective may be separated into three separate objectives:

- to provide adequate, suitable and affordable housing to program clients;
- to provide assistance to households in need; and
- to provide 50 per cent of the units to Native households.

The achievement of the first objective will be evaluated in this chapter. The achievement of the second and third objectives, that of assisting households in need and of targeting units to Natives, will be covered in the following chapter.

The objectives of providing suitable, adequate, and affordable shelter were not formally adopted for the pre-1986 RNH programs. However, for purposes of this evaluation, the indicators applied to the post-1985 programs, to measure how well they attained their objectives, will be applied to the pre-1985 programs as well. This will provide a common basis for measuring and comparing the impacts of the pre- and post-1985 RNH programs.

The methodology adopted for this chapter is based on a survey of RNH clients and on an inspection of their units by professional inspectors, both done in early 1989. The respondents to the survey were asked to provide information on the number of people, their ages, and their sexes, on their total household income from all sources from the last 12 months, on their current rental/mortgage payments, and on additional shelter costs not included in their rental/mortgage payments. The inspectors described the units' characteristics (number of bedrooms, etc.) and gave their assessment of the units' repair needs. The data from the survey of the household and from the inspectors' reports were then merged to create the database for an analysis of the affordability, suitability, and adequacy of the RNH stock.

A. Providing Affordable Housing

This section assesses the extent to which RNH clients are experiencing affordability problems where affordability is defined as shelter payments of 30 per cent or more of gross household income. As a first step, only rent and

mortgage/property tax payments made by the client to government will be included in the analysis. Then the other housing payments made by the client will be added.

The schedules which are attached to the post-1985 F/P/T Global Housing Agreements describe the basis for the rental and mortgage payment and what shelter costs are to be covered by the payments. Households in rental buildings pay 25 per cent of their gross adjusted income for rent. Income adjustments exclude family allowance payments, living out or travelling allowances, income of children at school, and work-related earnings up to $1,000 per qualifying household member. Rent payments are for fully-serviced accommodation supplied with heat, water, hot water, stove and refrigerator. Where the rental client pays for any of these services, the rental payment is to be reduced by an amount which will take into account the client's additional expenses. Households in ownership units are to pay 25 per cent of their gross adjusted income, less a heating allowance, for mortgage principal, interest, and taxes. RNH homeowners are responsible for paying their own utility, heating, repair and maintenance costs. RNH clients who receive social assistance income pay the greater of the shelter component of welfare or 25 per cent of income.

Client payments to government should be less than 25 per cent of gross income, since payments are based on an adjusted income, which is lower than gross income. Also, rent reductions for rental households and heating allowances for homeowners will further reduce payments. It is also possible that households who have experienced an income increase may not have had their incomes and payments reviewed yet, so that they may be making payments which are too low because they are based on an income which is below their current income.

Table 3.1.1 in Appendix I, located at the end of this report, provides average incomes for clients responding to the RNH survey. The average for the clients of the Regular RNH programs is almost $15,800 and for the clients of the Demonstration programs, about $15,700. As a check on the reliability of this data, the income for RNH homeowners was correlated with income data from documentation collected at commitment time, with satisfactory results. Appendix II to this chapter, summarises the correlational analysis.

Table 3.1.2 in Appendix I provides data on payments made by the clients to the housing agencies. For homeowners, these payments are based on twenty-five per cent of adjusted household income, less the heating subsidy where that subsidy has been made available. The savings due to the reduction in the required payment are to be used by the occupants to pay for heating their unit. For renters, these payments are based on twenty-five per cent of adjusted household income, less an allowance for any utility costs that they pay themselves. In

New Brunswick and British Columbia, the payment-to-income ratio is 30 per cent. The average payment for clients of the Regular RNH programs is about $3,100, while demonstration clients pay nothing.

Table 3.1.3 in Appendix I shows the average ratio of housing payments to income by Canada, by program, by province/ territory, by location and year of commitment. As would be expected, the average is below 25 per cent in most cases. The average for all clients of the Regular RNH programs is 22.6 per cent. It is zero per cent for demonstration clients.

Tables 3.1 and 3.2 below show the distribution of RNH clients by program and by payment-to-income ratio. No information is given for the Demonstration or HAP programs because these clients do not make mortgage payments.

TABLE 3.1
DISTRIBUTION OF RNH CLIENTS AMONG PAYMENT-TO-GOVERNMENT INCOME CATEGORIES

PROGRAM	0-25%	25-30%	30% PLUS	SAMPLE SIZE
RNH REGULAR	68.4	16.5	15.1	1,811
Homeowner	70.8	15.5	13.7	1,350
Lease-Purchase	44.0	20.6	35.4	59
Rental	56.6	22.0	21.4	402
F/P BASIC SHELTER (N.B.)	82.2	13.6	4.2	46

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

It is estimated that almost one-third of RNH clients have rent/mortgage payments in excess of 25 per cent of income, which is not the expected result, given the availability of heating allowances and the use of adjusted income in the setting of payments. There may be several explanations for this. With respect to the survey instrument itself, respondents may round their incomes and payments up or down in a random fashion rather than give exact numbers, thus introducing a wider variance in the estimated payment-to-income ratios than actually exist. Also, the

TABLE 3.2
DISTRIBUTION OF RNH CLIENTS AMONG
PAYMENT-TO-GOVERNMENT INCOME CATEGORIES POST-1985

PROGRAM	0-25%	25-30%	30% PLUS	SAMPLE SIZE
RNH REGULAR	62.5	20.3	17.2	453
Homeowner	75.6	11.4	13.0	208
Lease-Purchase	48.0	21.3	30.7	50
Rental	46.8	32.1	21.1	195
F/P BASIC SHELTER (N.B.)	82.2	13.6	4.2	46

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

payments collected in the survey were based on the most recent month, while income was for the last twelve months. To the extent that some payments have been recently adjusted the estimated payment-to-income ratios would be biased upwards. It is also possible that some incomes fell subsequent to the last payment adjustment, and that for whatever reason, there has been no readjustment. The guidelines governing payments for welfare clients also may lead to higher payment-to-income ratios, while payment-to-income ratios in New Brunswick and British Columbia are higher than elsewhere. Some rental clients also pay surcharges for electricity used for non-heating purposes, even though the costs for this electricity are included in the definition of affordable rents found in the F/P Global Housing Agreements. Also, the rent reported in the client survey may include surcharges for items not included in the definition of affordable rent. Finally, some rental clients may pay their own heating costs and may not be completely reimbursed by way of a heating allowance. A fuller discussion of these points can be found in Appendix III to this chapter, at the end of the report.

The next step in this affordability analysis is to add extra shelter payments to the payments made to government to derive an estimate of total shelter costs, as defined in the F/P/T Global and Operating Agreements. The F/P/T Global and Operating Agreements define shelter costs for homeowners as mortgage payments, property taxes and utilities and for renters as rent, utilities, and related costs. While the F/P/T definition provides for the inclusion of the costs of minor repairs and maintenance, this analysis does not include

repair and maintenance costs in total costs since they are only available for the year surveyed.

As Table 3.1.4 in Appendix I shows, almost all Regular Homeowners make extra payments for electricity, water, oil, gas, coal or wood, and sewage pump-outs. There is little variation in these figures between the pre-1986 and post-1985 households.

Extra tax payments are made by about 25 per cent of homeowners, although the percentage drops to 13 per cent for homeowners living in post-1985 RNH housing. All demonstration and HAP clients pay taxes directly. Up to 61.0 per cent of renters also make extra payments for shelter costs over and above the rent based on income. The proportions are much lower in the post-1985 portfolio but, even here, 42.9 per cent of renters still pay extra for electricity.

Table 3.1.5 in Appendix I gives an impression of the magnitude of these extra expenses. It is clear that not only are extra payments for electricity more common, but that these payments are quite sizable. For RNH homeowners and renters making such payments, they are in the order of $1,000 per year.

Table 3.1.6 in Appendix I shows the extra payments averaged over the entire portfolio while Table 3.1.7 shows the average total shelter cost of all RNH households. Table 3.1.8 shows the average shelter cost-to-income ratio as a result of adding these extra payments to the rent and mortgage payments. The average additional shelter expenses for Regular RNH clients is about $1,500, with average total shelter expenses of about $4,600 leading to an average total shelter cost-to-income ratio of about 35 per cent. Average shelter cost for demonstration clients is about $1,600 and the average shelter cost-to-income ratio is almost 13 per cent. Although shelter payments are reduced for those clients who qualify for a heating allowance, the extra dollars available appear to be insufficient to meet other dwelling operating expenses. The additional payments are creating affordability problems for clients in the RNH housing stock.

As shown in Table 3.3, over half of the current occupants are experiencing an affordability problem. This occurs even though most occupants under the programs make mortgage or rent payments based on their income and most are eligible for a heating allowance.

Of Regular RNH households, 55.3 per cent experience an affordability problem. The incidence is higher for Basic Shelter households of which 4 of 5 have an affordability problem. The impact of the elimination of ongoing mortgage payments for RNH demonstration and HAP households is evident as less than 10 per cent experience an affordability problem. Within the Regular RNH program, renters are less likely to

have an affordability problem than are homeowners and lease-purchase occupants. Affordability problems are more prevalent in non-remote areas compared to remote areas. The incidence of problems decreases in the 1981-1985 and post-1985 portions of the portfolio, due mainly to the influence of the Rental program.

A comparison of affordability problems suggests that the RNH programs would have had little impact if the clients were randomly selected from the core need population. The average shelter cost-to-income ratio for rural core need households is 35 per cent compared to the average shelter cost-to-income ratio of 36 per cent for RNH homeowners and 32 per cent for RNH renters. If on the other hand, the selection criteria used in the delivery process emphasised affordability problems, it is likely that the program would have reduced shelter costs for program participants while if the selection criteria emphasised adequacy or suitability problems, it is likely that the program would have increased shelter costs. However, the absence of data on the preprogram housing situation of RNH clients renders it impossible to precisely determine program impacts in this regard.

In order to describe the size of this affordability problem for the whole portfolio, the average amount of total shelter costs over 30 per cent of income was calculated (Table 3.4). The number of RNH households with an affordability problem was estimated by applying the incidence of affordability problems from Table 3.3 to the number of occupied units in the portfolio in Table 1.7 (i.e. excluding the reacquired/vacant units). The average affordability costs in excess of 30 per cent of income was multiplied by the estimated total number with affordability problems. The result for the total RNH portfolio is $12.9M. This figure represents the approximate annual cost of eliminating the affordability problem in RNH housing.

TABLE 3.3
RNH HOUSEHOLDS WITH AFFORDABILITY PROBLEMS
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	58.7	57.8	37.2	55.3	5.6
PROVINCE/REGION					
ATLANTIC	65.4	-	66.8	65.4	5.1
Newfoundland	65.3	N/A	N/A	65.3	-
P.E.I.	39.4	-	-	42.7	-
Nova Scotia	62.0	-	N/A	62.2	-
New Brunswick	69.7	-	-	69.8	-
QUEBEC	N/A	N/A	24.2	24.2	12.5
ONTARIO	56.1	38.6	-	55.6	-
PRAIRIE	49.6	-	47.9	49.1	-
Manitoba	35.7	-	38.8	37.0	-
Saskatchewan	52.2	N/A	52.5	52.3	-
Alberta	55.0	N/A	-	56.8	N/A
BRITISH COLUMBIA	68.4	-	N/A	69.1	-
TERRITORIES	57.8	N/A	11.1	25.1	-
N.W.T.	58.1	N/A	11.1	24.8	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	59.4	-	30.9	48.9	11.5
Non-remote	58.5	56.6	42.6	56.8	1.5
NATIVE	61.0	71.0	33.1	53.9	7.7
Remote	57.1	-	35.4	47.0	11.5
Non-remote	62.4	71.0	29.0	57.7	3.3
YEAR OF COMMITMENT					
Pre-1981	61.6	-	46.4	59.7	N/A
1981-1985	55.0	-	42.9	53.9	N/A
Post-1985	61.4	58.3	26.4	46.9	5.6
F/P BSP (N.B.)	86.1				
F/T HAP (N.W.T.)	7.8				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes. Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

TABLE 3.4
AVERAGE SHELTER COST PER ANNUM IN EXCESS OF
30 PER CENT OF INCOME FOR THOSE WITH AFFORDABILITY PROBLEMS
($)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION	F/P BSP	F/T HAP
CANADA	1,390	1,268	1,125	1,361	-	936	-
LOCATION							
Remote	1,508	-	1,361	1,475	-	N/A	-
Non-remote	1,370	1,231	976	1,337	-	936	N/A
YEAR OF COMMITMENT							
Pre-1981	1,421	-	1,365	1,414	N/A	N/A	N/A
1981-1985	1,373	-	1,280	1,366	N/A	N/A	N/A
Post-1985	1,330	1,340	635	1,171	-	936	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

B. Providing Adequate Housing

The programs are intended to provide adequate housing. Under the F/P/T Agreements, adequate housing is defined as housing which does not require major repairs and/or lacks basic facilities. Major repairs include, but are not limited to, defective plumbing, defective electrical wiring, structural repairs to walls, floors or ceilings. Basic facilities include hot and cold running water, an indoor toilet and a bathtub or shower. For the RNH programs and particularly the RNH Demonstration program, basic facilities are determined by the availability of services and by community norms. Thus, for isolated communities without running water or electricity, not all basic facilities can be provided. The RNH Physical Condition Survey provides a CMHC building expert's assessment of the dwelling's need for repairs and identifies the facilities present in the dwelling.

1. Need for Repair

The Physical Condition Survey collected information on the need for repairs of the stock. Each dwelling visited was assessed using a standardised need for repair question. The question asks if the dwelling is in need of major repairs, minor repairs

or regular maintenance only[1]. Table 3.5 shows the condition of the RNH portfolio as measured by the need for repair question.

Nationally, twelve per cent of the RNH portfolio was in need of major repairs. There was significant variation by province, by location, by age and by tenure. The incidence of major repairs was particularly low in Quebec, Saskatchewan, Alberta and the Northwest Territories and high in Newfoundland. Nationally, the incidence of major repair need for RNH housing was higher in remote areas. When viewed by age of the stock, the need for repairs was higher for the older components of the stock. The pre-1981 portion of the stock was almost twice as likely to need major repairs as the 1981-1985 portion and more than five times as likely as the post-1985 portion.

The combination of these factors is reflected in the breakdown of repair need by program. The F/P Basic Shelter units, despite their young age, exhibited the highest incidence of major repair need. Homeowner RNH had the next highest incidence of major repair need. The newer RNH demonstration and F/T HAP units, with no units older than 2½ years, had low incidences of major repair need, in comparison to the other program options. RNH rental units had a relatively low incidence of major repair need.

---

[1] The inspector was asked to pick one of the following in responding to the question "Is this dwelling in need of any repairs?"

Yes: major repairs are needed to correct, for example, corroded pipes, damaged electrical wiring, sagging floors, bulging walls, damp walls and ceilings, crumbling foundation, rotting porches and steps.

Yes: minor repairs are needed to correct, for example, small cracks in interior walls and ceilings, broken light fixtures and switches, leaking sink, cracked or broken window panes, some missing shingles or siding, some peeling paint.

No: only regular maintenance is needed, for example, painting, leaking faucets, clogged gutters or eavestroughs.

TABLE 3.5
INCIDENCE OF MAJOR REPAIR NEED
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	14.0	9.2	3.6	12.0	7.5
PROVINCE/REGION					
ATLANTIC	19.5	-	7.3	19.3	4.1
Newfoundland	27.0	N/A	N/A	27.0	-
P.E.I.	16.3	-	-	15.7	-
Nova Scotia	19.3	-	N/A	19.2	5.0
New Brunswick	10.0	-	-	9.9	-
QUEBEC	N/A	N/A	4.3	4.3	3.9
ONTARIO	11.4	12.6	-	11.4	-
PRAIRIE	9.0	-	2.9	7.2	7.0
Manitoba	19.2	-	2.2	10.5	-
Saskatchewan	5.2	N/A	4.0	4.9	-
Alberta	6.5	N/A	4.7	6.4	N/A
BRITISH COLUMBIA	15.8	2.0	N/A	15.2	-
TERRITORIES	15.0	N/A	6.1	8.5	-
N.W.T.	12.8	N/A	6.1	7.8	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	19.5	-	5.6	14.3	10.4
Non-remote	12.8	9.6	2.0	11.3	4.7
NATIVE	15.2	8.5	5.5	12.5	5.0
Remote	16.9	-	7.5	12.9	8.2
Non-remote	14.4	8.7	1.8	12.2	0.0
YEAR OF COMMITMENT					
Pre-1981	18.6	-	5.0	16.5	N/A
1981-1985	11.5	-	0.7	10.1	N/A
Post-1985	1.3	6.2	4.5	3.0	7.5
F/P BSP (N.B.)	16.7				
F/T HAP (N.W.T.)	1.4				

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

Table 3.6 shows the incidence of dwellings in need of major repairs when controlled for the age of the dwelling. Generally, for major repair need, the incidence decreases significantly as the age of the stock decreases. The remote stock is in greater need of repairs than the non-remote stock.

In the post-1985 portion of the stock, the Basic Shelter, RNH lease-purchase and RNH demonstration units exhibit higher need for major repairs than units financed under the other programs. The original program design of BSP was that the units were not 100 per cent complete at the time they were turned over to the clients. This may have had a detrimental impact on the rating of unit condition. There is also some evidence to suggest that some demonstration units were occupied before completion.

Another indicator of repair need is based on a comparison of the condition of RNH housing to other housing built in 1974 or subsequently according to ratings of occupants as well as building experts. As shown in Table 3.7, occupants of RNH as well as Public Housing tend to rate their unit's condition more severely compared to building experts. However, it also illustrates that RNH ownership housing is in about the same condition as non-assisted owner-occupied housing: the percentage in need of major repairs is about 14 per cent for both types. The table also indicates that the Public Housing stock is in significantly better condition compared to RNH Rental housing - under two per cent of the rural Public Housing stock of a comparable age needs major work while nearly 4 per cent of the RNH Rental requires major repairs.

TABLE 3.6
INCIDENCE OF MAJOR REPAIR NEED
BY YEAR OF COMMITMENT
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION	F/P BSP	F/T HAP
			PRE-1981				
CANADA	18.6	-	5.1	16.5	N/A	N/A	N/A
LOCATION							
Remote	20.9	N/A	8.8	17.4	N/A	N/A	N/A
Non-remote	17.9	-	1.7	16.1	N/A	N/A	N/A
			1981-1985				
CANADA	11.5	-	0.7	10.2	N/A	N/A	N/A
LOCATION							
Remote	18.8	N/A	2.5	15.9	N/A	N/A	N/A
Non-remote	10.2	-	0.2	9.1	N/A	N/A	N/A
			POST-1985				
CANADA	1.3	6.2	4.5	3.0	7.5	16.7	1.4
LOCATION							
Remote	2.1	-	3.8	3.7	10.4	N/A	1.4
Non-remote	1.3	6.5	5.4	2.7	4.7	16.7	N/A

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Finally, the percentage of RNH units in need of major repairs can be compared to the characteristics of dwellings from the 1988 HIFE data (Chapter II). Over 39 per cent of rural core need households stated that their dwellings needed major repairs. This figure compares to the 29 per cent of RNH occupants who assessed their units as needing major repairs. Obviously the RNH stock is rated more highly than the non-RNH stock suggesting that a major impact of the program is on improving the condition of the housing occupied by rural core need households.

TABLE 3.7
REPAIR NEED FOR RURAL, POST-1973 HOUSING
OCCUPANT VERSUS INSPECTOR RATINGS

	NEED FOR REPAIRS					
	MAINTENANCE		MINOR		MAJOR	
TENURE	OCCUPANT %	INSPECTOR %	OCCUPANT %	INSPECTOR %	OCCUPANT %	INSPECTOR %
ALL RURAL UNITS						
RNH	38.6	49.7	32.3	38.3	29.1	12.0
Public Housing	65.2	80.3	18.8	18.3	16.0	1.4
Other[1]	82.2	60.3	14.6	27.2	3.3	12.5
RURAL HOMEOWNER						
RNH	36.0	46.6	32.1	39.4	31.9	14.0
Other[1]	83.3	62.9	13.5	23.2	3.2	13.9
RURAL RENTAL						
RNH	48.4	62.5	33.2	33.9	8.5	3.6
Public Housing	65.2	80.3	18.8	18.3	16.0	1.4
Other[1]	-	-	-	-	-	-

SOURCE: RNH Physical Condition Survey (1989); Public Housing Physical Condition Survey (1988) and National Housing Study Inspections (1986), Program Evaluation Division, CMHC.

NOTES: [1] Other refers to non-assisted housing in rural areas.
"-" means fewer than 20 cases.

2. Basic Facilities

Basic facilities are defined in the Global Housing Agreements as hot and cold running water, an indoor toilet, and a bathtub or shower. The RNH Physical Condition Survey collected information on the services provided in the unit.

Table 3.8 shows the incidence of dwellings lacking basic facilities as defined by the Agreements. Overall, just under 3 per cent of the dwellings lack basic facilities. Slightly over thirteen per cent of RNH demonstration units lack basic facilities (usually running water) due to their isolated locations. Five per cent of RNH Regular rental units lacked basic facilities compared to less than 3 per cent of homeowner units. Within the Regular RNH portfolio, remote units and pre-1981 units are more likely to lack basic facilities.

TABLE 3.8
INCIDENCE OF RNH UNITS LACKING BASIC FACILITIES
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	2.3	0.0	4.9	2.8	13.1
PROVINCE/REGION					
ATLANTIC	0.7	-	0.0	0.6	0.0
Newfoundland	0.4	N/A	N/A	0.4	-
P.E.I.	0.0	-	-	0.0	-
Nova Scotia	0.9	-	N/A	0.9	0.0
New Brunswick	0.7	-	-	0.7	-
QUEBEC	N/A	N/A	0.0	0.0	0.0
ONTARIO	0.0	0.0	-	0.0	-
PRAIRIE	5.7	-	7.3	6.2	51.2
Manitoba	6.6	-	9.0	7.8	-
Saskatchewan	6.8	N/A	3.1	5.8	-
Alberta	3.4	N/A	18.7	4.2	N/A
BRITISH COLUMBIA	0.0	0.0	N/A	0.0	-
TERRITORIES	1.3	N/A	0.0	0.3	-
N.W.T.	1.4	N/A	0.0	0.4	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	9.3	-	7.3	8.6	14.2
Non-remote	0.8	0.0	3.1	1.1	12.1
NATIVE	4.1	0.0	10.7	6.4	20.5
Remote	13.2	-	12.3	12.7	17.7
Non-remote	0.8	0.0	6.4	1.7	24.8
YEAR OF COMMITMENT					
Pre-1981	3.6	-	12.2	4.9	N/A
1981-1985	1.2	-	1.3	1.2	N/A
Post-1985	0.9	0.0	0.0	0.4	13.1
F/P BSP (N.B.)	0.0				
F/T HAP (N.W.T.)	0.0				

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

RNH demonstration units were much more likely to lack basic facilities than Regular RNH units of similar age. It was found that communities with demonstration housing were somewhat less well served in terms of having piped water, sewage treatment, planning, and zoning services as shown in Table 3.9.

TABLE 3.9
AVAILABILITY OF SERVICES IN RNH COMMUNITIES[1]

CHARACTERISTICS	TYPE OF COMMUNITY					
	WITH DEMO HOUSING		WITHOUT DEMO HOUSING		ALL RNH COMMUNITIES	
	%	n	%	n	%	n
Electricity	65.0	20	68.5	686	68.4	706
Fire protection	96.2	26	95.2	788	95.2	814
Building inspections	75.0	24	76.2	646	76.1	670
Piped water	66.7	21	80.7	711	80.3	732
Sewage treatment	61.9	21	78.1	681	77.6	702
Planning, Zoning	71.4	21	84.3	674	83.9	695

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] A more complete description of conditions in RNH communities is presented in Chapter IV of this report.

The 1987 Demonstration program monitoring report also noted that the lack of local water or sewer services was a problem, particularly in Manitoba and Saskatchewan, but that the situation was consistent with community norms. The provision of demonstration units which were fully-serviced was higher in 1988 compared to the first two years of the program. Only three projects lack piped water versus eight in 1987 and only two projects lack indoor plumbing, down from four in 1987, according to the 1988 Demonstration monitoring report.

As previously noted, building units with no running water or with an outdoor privy is acceptable, where local government services are not available or where soil conditions prevent the installation of wells and septic tanks, under the RNH Demonstration guidelines. However, lack of such facilities would not meet the current adequacy requirements for units under the F/P/T Agreements.

Table 3.10 shows the incidence of adequacy problems as defined by the Agreements. Adequacy is defined as not in need of

major repairs nor lacking basic facilities. One in seven RNH Regular units, one in five RNH demonstration units, one in six Basic Shelter units and one in seventy HAP units exhibited adequacy problems. Within the Regular RNH portfolio, the incidence of adequacy problems was higher for homeowner units, lower for rental and lease-purchase units. Adequacy problems were almost twice as prevalent in remote areas than non-remote areas. Within the Regular RNH portfolio, the incidence increases dramatically as the dwelling age increases.

For the Post-1985 programs, RNH demonstration and Basic Shelter units are more likely to be inadequate as defined in the Agreements. As previously shown, this is due primarily to the lack of facilities for the RNH demonstration units and the need for major repairs for the Basic Shelter units, which may be due to the flexible program guidelines. In the post-1985 portion of the Regular RNH portfolio, the incidence of adequacy problems is 2.2 per cent for homeowner units, 6.2 per cent for lease-purchase and 4.5 per cent for rental.

Although the adequacy incidence is relatively high, the problem is not as significant as the rural population in general, or according to HIFE findings, as reported in Chapter II.

3. Work Requirements

In addition to the global measure of repair need for the entire dwelling, the RNH Physical Condition Survey included the assessment of the work requirements of individual elements and sub-elements of the dwelling. For each part of the dwelling, the CMHC building expert identified any repair, replacement or addition required and provided an estimate of the cost of the work. In addition, the urgency of the work was assessed and the reason for doing the work was identified.[1]

---

[1] The description of the work action generally included 1) repair, 2) replace and 3) add, if required. For specific elements and sub-elements, additional actions were provided such as "recondition furnace" or "replace fittings". The urgency of each action was expressed as the "year when the actions are required within the next five years". One of four possible reasons was selected for each action from 1) correct health and safety, 2) restore structural soundness, 3) prevent problems or maintain soundness and 4) other.

TABLE 3.10
INCIDENCES OF RNH HOUSEHOLDS WITH ADEQUACY PROBLEMS
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	15.8	9.2	7.5	14.2	20.6
PROVINCE/REGION					
ATLANTIC	20.0	-	7.3	19.8	4.1
Newfoundland	27.0	N/A	N/A	27.0	-
P.E.I.	16.3	-	-	15.7	-
Nova Scotia	20.2	-	N/A	20.1	5.0
New Brunswick	10.7	-	-	10.6	-
QUEBEC	N/A	N/A	4.3	4.3	3.9
ONTARIO	11.4	12.6	-	11.4	-
PRAIRIE	13.4	-	8.8	12.0	58.2
Manitoba	23.3	-	10.6	16.7	-
Saskatchewan	10.5	N/A	4.0	8.9	-
Alberta	9.9	N/A	23.3	10.7	N/A
BRITISH COLUMBIA	15.8	2.0	N/A	15.2	-
TERRITORIES	15.0	N/A	6.1	8.5	-
N.W.T.	12.8	N/A	6.1	7.8	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	26.4	-	10.7	20.5	24.6
Non-remote	13.5	9.6	5.1	12.4	16.8
NATIVE	19.1	8.5	11.9	17.0	25.5
Remote	27.0	-	13.7	21.3	25.9
Non-remote	15.1	8.7	8.3	13.9	24.8
YEAR OF COMMITMENT					
Pre-1981	21.2	-	14.6	20.2	N/A
1981-1985	12.5	-	1.9	11.2	N/A
Post-1985	2.2	6.2	4.5	3.4	20.6
F/P BSP (N.B.)	16.7				
F/T HAP (N.W.T.)	1.4				

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

Table 3.11 shows the work requirements of the inspected dwellings. In the table, the individual sub-elements have been grouped into elements. For example, exterior walls includes exterior finishes, frame or back-up wall, insulation and vapour barrier, flashing, wood and metal trim and caulking. The element was considered to require work if any sub-element required work.

About one-half of the units required some work to surface finishes, foundations and exterior doors. From 25 to 40 per cent of all units required work to exterior walls, windows, ventilation, fire safety (i.e. smoke detector/alarm), roofs, attached structures and interior doors. Among these elements, over half of the work identified was required within one year for foundations, ventilation, fire safety and attached structures. Individual elements commonly associated with health and safety, such as fireplace, fire safety, plumbing, electrical and woodstove, are required for three-quarters of the units within twelve months.

TABLE 3.11
UNITS WITH ELEMENTS REQUIRING WORK[1]

ELEMENT	PROPORTION OF UNITS REQUIRING ANY WORK[2] %	PROPORTION OF UNITS REQUIRING WORK[3] WITHIN 1 YEAR %
Surface finishes	49.8	38.2
Foundations	49.6	55.0
Exterior doors	45.1	47.7
Exterior walls	37.2	40.3
Windows	37.0	42.4
Ventilation	34.6	55.7
Fire safety	32.2	87.7
Roofs	29.7	38.5
Attached structures	29.7	51.8
Interior doors	24.6	25.7
Space heating supply	18.0	70.9
Cabinets	16.3	26.5
Staircases	16.1	63.9
Plumbing fixtures	15.6	57.6
Lot	13.7	39.4
Lighting fixtures	12.4	48.2
Site drainage	11.5	46.5
Electrical services	11.7	79.2
Plumbing services	9.6	78.1
Crawl space	8.9	33.3
Slabs-on-grade	7.4	27.8
Suspended floors	7.0	37.9
Woodstove	6.7	73.3
Sump pumps/Floor drains	5.7	70.8
Driveways	4.6	43.4
Heat distribution	3.8	50.5
Paths	3.7	40.0
Walls and fences	3.7	21.6
Domestic hot water	2.6	73.0
Appliances	2.5	64.9
Closets	1.6	42.9
Partition walls	1.6	37.4
Fireplace	0.7	90.3
Party walls	0.4	54.5
Gas supply to unit	0.0	0.0

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes Regular RNH, RNH Demonstration, F/P Basic Shelter and F/T HAP.
[2] Units with elements or sub-elements requiring work.
[3] Urgency rating of the most urgent work item for the element or sub-elements.

4. Cost Estimates

For elements requiring work, the CMHC building expert provided an estimate of the cost of carrying out the work required to bring the element up to minimum acceptable standards. The sum of the cost of all required work provides an estimate of the total requirements of the dwelling[1]. Table 3.12 shows the average costs per unit as well as the total portfolio requirements based on the inspector's estimates.

On average, each unit under the RNH programs requires $2,690 of work. Just under half of these total requirements (45 per cent) are required within one year. Within the RNH Regular portfolio, homeowner units have higher work requirements ($3,014 per unit). Costs for rental units are one-half lower ($1,467 per unit). Lease-purchase units require only $1,437 per unit in work. Per unit requirements in non-remote communities are lower than in remote communities ($2,501 versus $3,466). The greatest differences in cost requirements for the Regular RNH portfolio are exhibited across dwelling age categories. The older dwellings have the highest requirements. Costs for units from the pre-1981 portion are twice those from the 1981-1985 period and more than four times those from the post-1985 period.

---

[1] Only work to the dwelling or the immediate site was identified and included. Thus, provision of sewer or water services to an area currently not served would not be included while hookup of the dwelling to existing services would be included if required.

TABLE 3.12
RNH PORTFOLIO
AVERAGE WORK REQUIREMENTS PER UNIT

	COST OF WORK ACTIONS REQUIRED WITHIN FIVE YEARS	
	PER UNIT COST $	SAMPLE SIZE n
ALL PROGRAM AND UNIT TYPES	2,690	2,922
PROGRAM		
RNH Regular	2,713	2,659
Homeowner	3,014	1,973
Lease-Purchase	1,437	75
Rental	1,467	611
RNH Demonstration	1,982	132
F/P Basic Shelter (N.B.)	2,176	59
F/T HAP (N.W.T.)	1,575	72
RNH REGULAR UNITS ONLY		
PROVINCE/TERRITORY		
Newfoundland	3,450	315
Prince Edward Island	2,198	46
Nova Scotia	4,526	193
New Brunswick	2,167	185
Quebec	1,009	209
Ontario	1,883	240
Manitoba	2,884	376
Saskatchewan	2,756	429
Alberta	1,302	320
British Columbia	4,218	206
Northwest Territories	2,274	133
Yukon	-	7
LOCATION		
Remote	3,466	870
Non-remote	2,501	1,789
YEAR OF COMMITMENT		
Pre-1981	3,974	1,059
1981-1985	1,910	1,003
Post-1985	984	594

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Table 3.13 compares work requirements for the post-1985 portion of the portfolio with work requirements for the whole portfolio. Units in the post-1985 stock require work costing, about 40 per cent of the average per unit repair costs for the entire portfolio. The per unit costs of the homeowner and rental components of the post-1985 stock (about $1,000), are now much less than those for the other components.

TABLE 3.13
COMPARISON OF AVERAGE WORK REQUIREMENTS PER UNIT
ALL UNITS AND POST-1985 UNITS

	POST-1985 UNITS TOTAL REPAIRS $/unit	ALL UNITS TOTAL REPAIRS $/unit
ALL PROGRAMS	1,139	2,690
PROGRAM		
RNH Regular	984	2,713
RNH Homeowner	923	3,014
RNH Lease-Purchase	1,433	1,437
RNH Rental	1,001	1,467
RNH Demonstration	1,982	1,982
F/P Basic Shelter (N.B.)	2,176	2,176
F/T HAP (N.W.T.)	1,575	1,575
RNH REGULAR UNITS ONLY		
PROVINCE/TERRITORY		
Newfoundland	560	3,450
Prince Edward Island	1,351	2,198
Nova Scotia	566	4,526
New Brunswick	1,456	2,167
Quebec	848	1,009
Ontario	809	1,883
Manitoba	563	2,884
Saskatchewan	-	2,756
Alberta	378	1,302
British Columbia	1,689	4,218
Northwest Territories	1,639	2,274
Yukon	-	-

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Table 3.14 shows cost requirements by dwelling condition using the need for repairs indicator. Dwellings in need of major repairs require $8,413 on average, while dwellings in need of

minor repairs require $3,317 and dwellings requiring regular maintenance only require $848.

TABLE 3.14
AVERAGE WORK COSTS PER UNIT
BY DWELLING CONDITION

REPAIR NEED	PER UNIT COST $	SAMPLE SIZE n
Regular maintenance needed	848	1,423
Minor repairs needed	3,317	1,156
Major repairs needed	8,413	343

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

Table 3.15 shows the distribution of per unit cost estimates by dwelling need for repairs. Units in need of regular maintenance require small jobs with over half of the units requiring less than $500 in work. The proportion of dwellings with large work requirements increases dramatically as dwelling condition worsens. Almost two-thirds of the units in need of major repairs had work requirements in excess of $5,000.

TABLE 3.15
WORK REQUIREMENTS
DISTRIBUTION OF COSTS BY DWELLING CONDITION
(%)

	REPAIR NEED		
WORK COSTS	REGULAR MAINTENANCE % (n=1,423)	MINOR REPAIRS % (n=1,156)	MAJOR REPAIRS % (n=343)
No work required	29.8	0.9	0.7
Less than $500	26.0	7.5	1.7
$500 - $999	15.2	11.2	2.0
$1,000 - $2,499	20.1	30.4	9.6
$2,500 - $4,999	7.1	28.6	24.5
$5,000 - $9,999	1.7	17.8	28.1
$10,000 and over	0.1	3.6	33.4
Average cost ($)	848	3,317	8,413

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

In order to dimension the size of the major repair need problem, the total number of units requiring major repairs was estimated by multiplying the incidence of units in need of major repairs from Table 3.5 by the number of units in the portfolio from Table 1.7. This in turn was multiplied by the costs of repairing a unit in need of major repairs given in Table 3.14. The result was $16.7M.

C. Providing Suitable Housing

The 1986 F/P/T Agreements on Social Housing define suitable housing as dwellings which are not crowded according to the National Occupancy Standard (NOS). The NOS defines a relationship between the size and composition of the household and the number of bedrooms in the unit taking into account the age and sex of children five years of age and older[1]. The NOS is only used to determine eligibility for assistance under the post-1985 programs. Current (i.e. post-1985) program guidelines do not require that they be applied in the determination of the size of dwelling allocated to the client, despite the Agreements stipulating that suitable housing is to be provided.

The incidence of current suitability problems in the RNH dwellings can be determined using dwelling data (number of bedrooms) from the RNH Physical Condition Survey and household data (household composition, age, sex) from the RNH Client Survey. Table 3.16 shows the incidence of suitability problems by program and for the RNH Regular portfolio by province, remote/non-remote location and year of commitment. Overall, 17.2 per cent of the households in RNH dwellings experience a suitability problem. The incidence is higher for HAP (32.4 per cent), RNH rental (22.5 per cent) and RNH demonstration (22.5 per cent) units and lower for RNH homeowner (16.1 per cent), Basic Shelter (12.0 per cent) and RNH lease-purchase (10.1 per cent) units.

---

[1] In Quebec, a variation on the National Occupancy Standard is used which takes into account only the age of the children.

TABLE 3.16
INCIDENCE OF RNH HOUSEHOLDS WITH SUITABILITY PROBLEMS
(%)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	16.1	10.1	22.5	17.2	22.5
PROVINCE/REGION					
ATLANTIC	14.1	-	19.3	14.2	25.7
Newfoundland	16.0	N/A	N/A	16.0	-
P.E.I.	9.0	-	-	15.6	-
Nova Scotia	10.0	-	N/A	9.9	50.0
New Brunswick	16.6	-	-	16.5	-
QUEBEC	N/A	N/A	15.2	15.2	15.4
ONTARIO	12.6	6.0	-	12.5	-
PRAIRIE	19.5	-	20.5	19.8	28.2
Manitoba	24.7	-	15.6	20.0	-
Saskatchewan	22.6	N/A	27.9	24.0	-
Alberta	10.8	N/A	27.8	11.7	N/A
BRITISH COLUMBIA	16.7	9.8	N/A	16.4	-
TERRITORIES	28.4	N/A	56.1	48.9	-
N.W.T.	30.1	N/A	56.1	49.8	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	32.4	-	38.9	34.8	17.5
Non-remote	12.7	9.4	9.8	12.3	27.1
NATIVE	25.7	8.5	36.1	28.4	20.2
Remote	43.6	-	45.0	44.2	19.4
Non-remote	16.6	8.7	18.9	16.8	21.5
YEAR OF COMMITMENT					
Pre-1981	20.5	-	27.0	21.5	N/A
1981-1985	11.6	-	11.4	11.6	N/A
Post-1985	14.7	11.8	26.8	20.1	22.5
F/P BSP (N.B.)	12.0				
F/T HAP (N.W.T.)	32.4				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. Sample size in Appendix IV.

Within the Regular RNH portfolio, suitability problems are almost three times more common in remote areas (34.8 per cent) than in non-remote areas (12.3 per cent). The incidence is higher for units committed before 1981 (21.5 per cent) and after 1985 (20.1 per cent) than for units committed between 1981 and 1985 (11.6 per cent).

Twelve per cent of RNH homeowner families and 14 per cent of RNH homeowner single parents live in crowded conditions. The percentages are 24 and 28 per cent respectively for RNH rental families and single parents (see Appendix VI to this chapter). In comparison, 23 per cent of rural core need single parents and 20 per cent of rural core need couples with children live in crowded accommodation (HIFE 1988). Therefore, it is likely that an impact of the homeowner program was to reduce crowding problems among rural core need family households. It is unlikely that the rental program had a positive impact on crowding problems among rural core need family households. Similarly it is unlikely that the Demonstration or HAP programs had a positive impact on crowding problems among rural core need family households. Although when first occupied, the units may not have been crowded, current conditions indicate that they have become crowded. This could be due to additional children or other related persons subsequently joining the household.

In order to give some dimension to the suitability problem, first the number of households requiring extra bedrooms was estimated by multiplying the incidence of suitability problems in Table 3.16 by the number of occupied RNH dwellings (Table 1.7). The total number of additional bedrooms required was estimated by multiplying the average number of bedrooms required (Table 3.17) by the estimated number of households requiring extra bedrooms. The total is approximately 5,940. As each additional bedroom would cost between $6,000 and $10,000 the total cost of eliminating suitability problems among RNH households would be between $35M and $59M.[1] Obviously the costs could be less than this if a less expensive approach were used, such as adding a room to the basement.

---

[1] This estimate is based on a room 11 x 12 (132 sq. feet) costing between $45 and $75 per square foot, depending upon the type of footing used.

TABLE 3.17
AVERAGE NUMBER OF ADDITIONAL BEDROOMS PER UNIT REQUIRED FOR THOSE WITH SUITABILITY PROBLEMS

	HOME-OWNER	LEASE-PURCHASE	RENTAL	DEMON-STRATION
CANADA	1.8	-	1.7	1.6
LOCATION				
Remote	2.1	-	1.8	-
Non-remote	1.6	-	1.5	-
YEAR OF COMMITMENT				
Pre-1981	1.9	-	2.1	N/A
1981-1985	1.5	-	-	N/A
Post-1985	1.3	-	1.5	1.6
F/P BSP (N.B.)	-			
F/T HAP (N.W.T.)	1.6			

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

D. Core Need

In the preceding sections, the incidence of housing affordability, adequacy and suitability problems within the portfolio of RNH units was estimated. Table 3.18 shows the incidences of RNH clients with one or more housing problems. These analyses in combination with a comparison of household income with the Core Need Income Threshold (CNIT) provide evidence on the extent to which clients currently being served by the RNH programs are still in core housing need. A household is in core housing need, as defined by the Global and Operating Agreements on Social Housing, when it experiences a housing problem and has an income below the CNIT.

TABLE 3.18
INCIDENCES OF RNH HOUSEHOLDS WITH HOUSING PROBLEMS

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	69.4	67.4	55.0	67.1	36.3
PROVINCE/REGION					
ATLANTIC	76.1	-	75.0	76.1	35.3
Newfoundland	76.8	N/A	N/A	76.8	-
P.E.I.	47.6	-	-	51.5	-
Nova Scotia	74.5	-	N/A	74.6	52.6
New Brunswick	77.7	-	-	77.8	-
QUEBEC	N/A	N/A	37.1	37.1	20.8
ONTARIO	65.7	52.3	-	65.3	-
PRAIRIE	62.3	-	62.7	62.4	-
Manitoba	60.7	-	55.5	58.5	-
Saskatchewan	62.6	N/A	66.2	63.6	-
Alberta	62.9	N/A	-	64.7	N/A
BRITISH COLUMBIA	74.0	-	N/A	74.5	-
TERRITORIES	72.9	N/A	68.9	70.1	-
N.W.T.	73.8	N/A	68.9	70.3	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	78.2	-	61.3	71.9	36.0
Non-remote	67.9	66.4	49.5	65.9	36.5
NATIVE	76.6	78.0	61.1	72.6	35.3
Remote	83.3	-	71.7	77.9	36.4
Non-remote	74.1	78.0	42.3	69.6	34.0
YEAR OF COMMITMENT					
Pre-1981	75.0	-	69.9	74.4	N/A
1981-1985	63.8	-	45.2	62.2	N/A
Post-1985	69.2	63.9	47.9	60.2	36.3
F/P BSP (N.B.)	86.1				
F/T HAP (N.W.T.)	37.3				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes. Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

Table 3.19 indicates the types of housing problems faced by program clients with such problems. For most, the problem is affordability.

TABLE 3.19
DISTRIBUTION OF HOUSING PROBLEMS AMONG RNH CLIENTS WITH HOUSING PROBLEMS BY PROGRAM

PROBLEM	TOTAL %	REGULAR RNH HO %	REGULAR RNH LTP %	REGULAR RNH RTL %	RNH DEMO %	F/P BSP %	F/T HAP %
Affordability only	63.4	65.5	82.4	52.4	4.9	75.0	15.8
Adequacy only	5.9	6.1	7.3	4.4	29.9	0.0	0.0
Suitability only	10.2	7.5	0.0	24.3	48.5	0.0	79.0
Affordability and adequacy	8.9	9.8	0.0	3.5	5.7	14.7	0.0
Affordability and suitability	7.0	6.7	2.2	9.6	4.9	5.4	5.3
Adequacy and suitability	2.1	1.9	6.8	3.8	6.3	0.0	0.0
Affordability, adequacy and suitability	2.4	2.5	1.3	2.0	0.0	4.8	0.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

If it is believed that those with incomes above the Core Need Income Threshold could obtain suitable, adequate, and affordable housing in the private market, then only those with incomes below the CNIT and with a housing problem should be counted in core need. Table 3.20 shows the households under the programs who are still in core need. The incidence varies from 29.4 per cent of HAP clients, 31.5 per cent of RNH demonstration clients, 59.1 per cent of RNH Regular clients and 83.8 per cent of F/P Basic Shelter clients. Within the Regular RNH portfolio, 60.1 per cent of homeowners, 61.3 per cent of lease-purchase clients and 54.2 per cent of rental clients are in core need. More remote RNH Regular households are in core need than non-remote households (65.0 per cent versus 57.7 per cent). In the post-1985 portion of the Regular RNH portfolio, shown in Table 3.21, more homeowners are in core need (66.5 per cent) and fewer renters (47.9 per cent) than in the entire portfolio. The incidence of core need is substantially lower in remote areas (51.4 per cent) than in non-remote areas (61.2 per cent).

TABLE 3.20
INCIDENCES OF RNH HOUSEHOLDS IN CORE NEED

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	60.1	61.3	54.2	59.1	31.5
PROVINCE/REGION					
ATLANTIC	64.6	-	75.0	64.7	28.2
Newfoundland	64.1	N/A	N/A	64.1	-
P.E.I.	47.6	-	-	51.5	-
Nova Scotia	60.2	-	N/A	60.3	-
New Brunswick	70.2	-	-	70.4	-
QUEBEC	N/A	N/A	36.9	36.9	20.8
ONTARIO	59.6	41.8	-	59.2	-
PRAIRIE	53.4	-	61.3	55.4	-
Manitoba	53.5	-	53.7	53.7	-
Saskatchewan	50.6	N/A	65.1	54.4	-
Alberta	56.3	N/A	-	58.4	N/A
BRITISH COLUMBIA	64.4	-	N/A	65.3	-
TERRITORIES	72.9	N/A	68.9	70.1	-
N.W.T.	73.8	N/A	68.9	70.3	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	67.8	-	60.0	65.0	31.0
Non-remote	58.7	60.2	49.1	57.7	31.9
NATIVE	67.5	78.0	59.9	65.7	33.8
Remote	74.9	-	69.8	72.5	33.6
Non-remote	64.9	78.0	42.3	61.9	34.0
YEAR OF COMMITMENT[1]					
Pre-1981	66.6	-	67.8	66.9	N/A
1981-1985	52.0	-	44.8	51.3	N/A
Post-1985	66.5	62.6	47.9	58.7	31.5
F/P BSP (N.B.)	83.8				
F/T HAP (N.W.T.)	29.4				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] For pre-1985 units which have become vacant, the CNIT is a requirement for determining the eligibility of subsequent occupants.
"-" indicates less than 20 cases. See Appendix IV for sample sizes.
Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

TABLE 3.21
INCIDENCES OF RNH HOUSEHOLDS IN CORE NEED
POST-1985 PROGRAMS

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	66.5	62.6	47.9	58.7	31.5
PROVINCE/REGION					
ATLANTIC	68.9	-	75.0	69.8	28.2
Newfoundland	-	N/A	N/A	-	-
P.E.I.	-	-	-	-	-
Nova Scotia	52.7	-	N/A	55.4	-
New Brunswick	79.7	-	-	79.6	-
QUEBEC	N/A	N/A	41.1	41.1	20.8
ONTARIO	70.5	-	N/A	68.3	-
PRAIRIE	51.6	-	-	46.2	-
Manitoba	-	-	-	31.8	-
Saskatchewan	-	N/A	N/A	-	-
Alberta	59.1	N/A	N/A	59.1	N/A
BRITISH COLUMBIA	63.1	-	N/A	67.7	-
TERRITORIES	-	N/A	68.9	68.6	-
N.W.T.	N/A	N/A	68.9	68.9	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	-	-	51.5	51.4	31.0
Non-remote	67.4	61.2	43.1	61.2	31.9
NATIVE	55.3	73.4	51.3	54.4	33.8
Remote	-	-	56.8	55.1	33.6
Non-remote	57.2	73.4	35.8	54.0	34.0
F/P BSP (N.B.)	-				
F/T HAP (N.W.T.)	29.4				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: "-" indicates less than 20 cases. See Appendix IV for sample sizes. Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

The nature of the core need problems among RNH clients is shown in Table 3.22. Two-thirds of the clients in core need have an affordability problem only. Just under nine per cent have a suitability problem only and 9.8 per cent have an affordability and adequacy problem. Affordability and suitability together make up another 7.5 per cent of core need. The households with only an adequacy problem, or with an adequacy and suitability problem together, or with all three problems, make up less than 8 per cent of the need.

TABLE 3.22
CORE NEED AMONG ALL PROGRAM CLIENTS

PROBLEM	INCIDENCE %	PROPORTION OF TOTAL %
Affordability only	39.0	66.5
Adequacy only	1.8	3.0
Suitability only	5.1	8.8
Affordability and adequacy	5.8	9.8
Affordability and suitability	4.4	7.5
Adequacy and suitability	1.1	1.9
Affordability, adequacy and suitability	1.5	2.5
ALL	58.7	100.0

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

Individually there is considerable variation in the incidence of core need across programs and in the housing problems experienced by core need households. Table 3.23 shows the incidence of core need and distribution of problems. With the exception of RNH Demonstration and F/T HAP which do not have an ongoing shelter payment requirement, affordability is the major housing problem experienced by core need households.

TABLE 3.23
CORE NEED AMONG RNH CLIENTS
BY PROGRAM

	PROPORTION OF TOTAL CORE NEED					
	REGULAR RNH			RNH	F/P	F/T
PROBLEM	HO %	LTP %	RTL %	DEMO %	BSP %	HAP %
Affordability only	67.8	88.7	50.9	5.6	72.3	20.0
Adequacy only	3.8	0.0	5.9	27.9	0.0	0.0
Suitability only	5.9	0.0	25.3	47.2	2.7	73.3
Affordability and adequacy	10.8	0.0	3.4	6.5	14.7	0.0
Affordability and suitability	7.1	2.4	9.3	5.6	5.4	6.7
Adequacy and suitability	2.1	7.5	3.2	7.2	0.0	0.0
Affordability, adequacy and suitability	2.5	1.4	2.0	0.0	4.9	0.0
Incidence of core need	59.5	61.3	54.9	31.5	84.2	29.4

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: Since the source of the data is RNH clients, there may be some error in the measure of shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

E. Emergency Repair Objectives

The objective of the Emergency Repair Program (ERP) has two components. First, it aims to provide assistance to households in core need living in rural areas off-reserve. Eligible clients must be homeowners or occupiers in core housing need or who are disadvantaged because of age, infirmity or other disability. The second aspect of the ERP objective is unique in that the assistance is for repairing dwellings with immediate threats to health and safety. It is a partial measure. The program is intended to render homes which fall significantly below minimum standards fit for human habitation by providing a one-time grant for urgently required repairs. Since the program began, its aim has been redefined from providing temporary, or interim assistance until more extensive repairs can be completed or the occupant can be placed in an RNH unit, to a one-time aid to enable the homeowner to remain in the dwelling.

An analysis was undertaken as to whether ERP households are in core housing need. It was found that, as shown in Table 3.24 the majority of those who received ERP assistance in 1986 and 1987, the years chosen for this study, were in core housing need. Although housing payments did not present an

affordability problem for most ERP households, over 80 per cent had incomes below the threshold for RNH assistance. Also, over half of the dwellings repaired with an ERP grant are still in need of major repairs.

TABLE 3.24
ELIGIBILITY OF ERP HOUSEHOLDS[1]

ELIGIBILITY CRITERIA	ERP HOUSEHOLDS %	n
Income below CNIT	89.1	39
Adequacy problem[2]	57.8	39
Suitability problem	N/A[3]	N/A
Affordability problem	7.9	39
In Core Need[4]	57.8	39

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Calculations made on 39 households from the sample of 202 units, due to incomplete information on the remainder.
2 Client estimate of repair need.
3 Information on number of bedrooms not available for ERP units.
4 Households who cannot afford or cannot obtain adequate and suitable accommodation without paying 30 per cent or more of their total household income.

F. Summary

This chapter has examined the extent to which government objectives of providing suitable, adequate and affordable housing has been achieved under the Rural and Native Housing programs.

More than 50 per cent of the Regular RNH clients pay 30 per cent or more of their income for shelter. The average shelter cost-to-income ratio is 35 per cent. There has been a marked improvement in affordability among RNH clients living in units built after 1985 when compared to those in pre-1986 RNH housing, but this is due mainly to improvements in the Rental program and a greater reliance on rental tenure since 1985. The affordability problem is not a major occurrence under the Demonstration program, with clients paying less than 6 per cent of their income for shelter. The estimated annual cost of eliminating the affordability problem is nearly $12.9M per year, or almost $1,400 per unit per year. By way of comparison, the percentage of rural households in core need with affordability problems is 64 per cent. The average

shelter cost-to-income ratio of a rural core need household is almost 36 per cent. Therefore the core need household's likelihood of improving its affordability problem upon entering the RNH program is not high.

With respect to the need for major repairs and/or water and sewage services in the unit, 14 per cent of the dwellings in the RNH stock are inadequate. The newer dwellings are more adequate than the older ones. Twenty per cent of the demonstration units are inadequate, compared to 3.4 per cent of Regular RNH dwellings of a similar vintage. This is due to the propensity to locate demonstration units in remote communities lacking basic municipal facilities and for which soil conditions prevent septic tanks and/or wells.

Twelve per cent of the stock is in need of major repairs, with the newer stock being in better condition than the older stock. Almost 3 per cent of the stock lacks basic facilities, again with newer units having a lower tendency to lack such facilities. Demonstration units are both more likely to need repairs and lack basic facilities than are Regular RNH units of a similar vintage, a situation possibly due to the flexible Demonstration program guidelines.

The estimated costs to bring the RNH stock in need of major repairs up to standard is $16.7M, or about $8,400 per unit. Most of these repairs are required on homeowner units. An estimate of the cost of putting services into those units lacking services is problematic, since the units are usually in communities where such services do not exist or for which soil conditions are not appropriate. That is, there is no real possibility of solving such a problem until local services are made available.

Data from the 1988 HIFE indicate that 39 per cent of core need households occupy units in need of major repairs. This means that the likelihood of housing improvement is high for those moving into a new RNH unit. However, the improvement does not last as the units deteriorate with age. A comparison of the RNH units with rural homeowner units of the same age revealed a similar need for repairs.

The number of bedrooms in RNH units were compared to the size and composition of the household. It was found that 17 per cent of the Regular RNH stock was crowded using this measure. There is no improvement for newer units. Demonstration units were just slightly more crowded (22.5 per cent) than Regular RNH units of the same age (20.1 per cent) although they were slightly less crowded than rental units. The incidence of crowding among rural core need households is 11 per cent, with 20 to 23 per cent of core need families living in crowded conditions. Hence it may be concluded that the RNH programs do not have a significant impact on rural core need crowding problems. The total number of additional bedrooms required to

relieve crowding problems is about 5,940. At an estimated cost of between $6,000 and $10,000 each, it would require between $35 million and $59.4 million to eliminate this problem.

Almost 59 per cent of Regular RNH clients with income below the CNIT have either a suitability, adequacy, or affordability problem. This compares with 31 per cent of demonstration clients which have incomes below the CNIT and at least one of these problems. There has been no significant improvement since 1985. Most of the problems are pure affordability (67 per cent of all those with such problems).

The Emergency Repair Program was also evaluated on the basis of whether clients were in suitable, adequate, or affordable housing as a result of the program. Fifty-eight per cent of ERP clients reported occupying a unit in need of major repairs. This compares to the 39 per cent of the rural core need population who state that their unit needs major repairs. Eight per cent had an affordability problem, compared to the 64 per cent of rural core need households with an affordability problem. Overall, 58 per cent of ERP clients had either an adequacy or affordability problem.

Based on these findings, the overall conclusion is the RNH programs do not provide affordable, suitable, and adequate housing as defined in the post-1985 Federal/Provincial/ Territorial Housing Agreements. However they do have a significant and positive impact on the condition of the units occupied by rural core need households.

IV CHARACTERISTICS OF HOUSEHOLDS AND COMMUNITIES SERVED BY THE RURAL AND NATIVE HOUSING PROGRAMS

As already mentioned, the key objective of the Rural and Native Housing programs authorised by Cabinet in 1986 is to assist households in need who cannot obtain affordable, suitable, and adequate shelter on the private market. Fifty per cent of RNH activity is to be targeted to Natives. The objective of providing adequate, suitable, and affordable housing was discussed in the last chapter. The remaining two objectives, which will be examined in this chapter, are:

- to provide assistance to households in need; and
- to provide 50 per cent of RNH activity to Native households.

Under the terms of the 1986 F/P/T Global and Operating Agreements on Social Housing, assistance under the social housing programs is to be directed to households in core housing need. This includes those households:

a) who occupy a crowded or inadequate dwelling and who currently pay less than 30 per cent of their income for shelter but for whom basic shelter costs for an adequate and suitable dwelling available in their market area would consume 30 per cent or more of their income.

b) who pay 30 per cent or more of their income for shelter and for whom an adequate and suitable dwelling available in their market would consume 30 per cent or more of their income.

For eligibility under the post-1985 RNH programs, households must have a total household income below the Core Need Income Threshold (CNIT) and show evidence of a housing problem. The CNIT is the income level at which a household is able to obtain adequate and suitable accommodation without having to pay 30 per cent or more of this income. Housing problems may be of adequacy, affordability or suitability. Up to ten per cent of the approved applicants can have incomes in excess of the threshold providing that they are still in core need.

For the pre-1986 program, the core need requirement does not apply. Rather, the program was targeted on the basis of household size, family (related by blood, marriage or adoption) income and dwelling condition (largest families, lowest incomes, poorest housing). For delivery consistency and simplicity, when determining eligibility for recycled pre-1986 units, the CNIT is usually used to qualify applicants even though there is no formal requirement. Using the CNIT criterion is applicable only at the time of entry to the program. Households which subsequently experience an increase

in income to a level above the Core Need Income Threshold are not expelled from their units.

This evaluation will not attempt to determine if the households now occupying the units were in core need at the time they entered the program. This is because the client survey done for the evaluation did not attempt to capture information on incomes and housing conditions prior to the clients being selected for the program. It is very doubtful that accurate information on preprogram household characteristics could have been collected in such a survey. Rather this evaluation will measure the current circumstances of the households now occupying the RNH stock.

Similarly, it is entirely possible that perceptions of ethnic origin have changed, or that the household members who claimed to be Native have departed since the household entered the program. Therefore, this evaluation will not attempt to determine whether the household met the Native criteria at the time of entering the program. Rather it will rely on self-declaration to determine the current ethnicity of the household. The question asked of each household covered by the client survey was "Do you or any member of your household consider yourself to be Native? (Native is defined as Status Indian, non-Status Indian, Inuit or Métis)".

This chapter will also give an extensive overview of the characteristics of RNH communities and of RNH clients. This information will be compared to our knowledge about the characteristics of the rural core need population. This analysis will serve as a second line of evidence to measure whether the target population is being served under the programs. This multiple line of evidence approach is necessary, because as noted above, there is no way of accurately determining whether the clients met the eligibility criteria before entering the program.

The profiles presented in this chapter are based on the results of the RNH Client Survey conducted in the Spring of 1989 and program administrative data. In all, a total of 3,173 households were interviewed either in person or over the telephone. The client survey conducted for this evaluation provides the first comprehensive database on RNH clients assembled since the program began in 1974. Together with the administrative data, it provides a complete picture of the characteristics of those served: social, demographic, financial, as well as client views about the program and the assistance they have received. The community description is based on a mail survey of representative residents undertaken at the same time as the client survey.

A. Social and Economic Characteristics of Households

1. Gross Household Income

Four methods are used in this evaluation to assess the extent to which low-income households now occupy RNH housing. These include:

- a comparison of RNH household incomes with incomes of rural core need households;
- the incidence of RNH households with incomes below the threshold for the second income quintile;
- the incidence of RNH households with incomes below the low income cutoff's established by Statistics Canada; and
- the incidence of RNH households with incomes below the Core Need Income Thresholds established by CMHC and its provincial partners.

RNH households on average earn $16,043 yearly (Table 4.1). By program, the Basic Shelter Program in New Brunswick ($10,637), the Lease-Purchase program ($12,824) and the Rental program ($13,238) serve clients with the lowest average incomes. In contrast HAP households in the Northwest Territories have the highest average incomes at $41,024. Average incomes of clients served under the programs range from $10,904 in Quebec to $30,852 in the Northwest Territories. Average incomes of clients in remote areas ($17,197) are higher than those of clients in non-remote areas ($15,731). Although the average income is higher, there are proportionately more remote households in the lowest-income range of less than $5,000 (6.3 per cent) than non-remote households (2.9 per cent).

RNH clients have higher average incomes than the rural core need households covered by the 1988 HIFE survey ($15,826 versus $10,322).[1] These differences do not narrow once household type is controlled. For example, the average income of rural core need couples with children is $12,880 compared to $19,055 for RNH couples with children (Table 4.2). RNH singles ($9,523) and couples ($14,732) have higher incomes than do rural core need singles ($8,107) and couples ($9,862). The only household type with roughly similar incomes in the RNH and rural core need populations are single parents.

---

[1] The income data from the HIFE 88 survey are for 1987, while the income data from the RNH Client Survey are most likely for 1988. Therefore differences between incomes reported in the two surveys of less than 5 per cent, the increase in average weekly earnings between 1987 and 1988, are not real.

TABLE 4.1
INCOME RANGES OF RNH CLIENTS

	$0-4,999 %	$5,000 -9,999 %	$10,000 -14,999 %	$15,000 -24,999 %	$25,000 AND MORE %	AVERAGE INCOME $	SAMPLE SIZE n
ALL PROGRAMS	3.6	27.6	25.0	26.5	17.3	16,043	2,135
PROGRAM							
RNH Regular	3.6	27.9	25.1	26.6	16.8	15,826	1,931
Homeowner	2.9	25.1	25.7	28.5	17.8	16,347	1,451
Lease-Purchase	3.0	38.2	25.4	27.7	5.7	12,824	64
Rental	7.4	41.9	21.8	16.5	12.4	13,238	416
RNH Demonstration	2.5	18.0	31.6	35.3	12.6	15,393	106
F/P BSP (N.B.)	2.3	59.9	26.1	9.4	2.3	10,637	47
F/T HAP (N.W.T.)	3.9	0.0	3.9	13.7	78.5	41,024	51
PROVINCE/TERRITORY							
Newfoundland	5.2	33.8	21.6	23.6	15.8	14,444	269
Prince Edward Island	0.0	5.7	39.6	43.5	11.2	16,874	36
Nova Scotia	0.0	23.0	30.4	32.7	13.9	16,354	154
New Brunswick	2.0	37.7	28.0	25.1	7.2	13,044	198
Quebec	3.4	47.5	32.5	14.1	2.5	10,904	205
Ontario	1.1	21.7	34.0	25.9	17.3	16,125	214
Manitoba	8.9	39.9	14.9	22.1	14.2	14,108	223
Saskatchewan	4.4	24.1	21.3	32.2	18.0	17,216	244
Alberta	0.8	13.5	17.9	39.6	28.2	19,802	262
British Columbia	7.8	25.9	31.9	15.0	19.4	15,431	182
Northwest Territories	6.3	7.6	7.5	16.7	61.9	30,852	138
Yukon	-	-	-	-	-	-	10
LOCATION							
Remote	6.3	25.6	22.3	23.1	22.7	17,197	677
Non-remote	2.9	28.1	25.7	27.4	15.9	15,731	1,458

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 4.2
AVERAGE INCOMES BY HOUSEHOLD TYPE
($)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	TOTAL REGULAR	DEMON-STRATION	F/T HAP
Single-person	10,337	8,841	9,523	-	-
Single-parent	11,862	10,784	11,758	-	-
Couple no child.	14,932	14,326	14,732	-	-
Couple with child.	19,098	17,868	19,055	16,775	42,859
Extended family	13,947	-	14,465	-	-
Other	13,798	14,720	14,014	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

The second measure of low income is the threshold for the second income quintile.[1] Income quintiles are a commonly accepted way of portraying income distribution but do not take household needs or housing costs into account. The consequence is that a small family with an income below the second income quintile living in a low-cost area is given the same weight as a large family with a similar income living in a high-cost area. The second income quintile limits used in this analysis were developed on a provincial basis. They are shown in Table 4.3.

[1] An income quintile is one-fifth of a sample of households which has been ranked in ascending order according to income. The first income quintile is the lowest fifth of households, according to income, and the fifth income quintile is the highest fifth. The upper threshold for the second income quintile is the income below which two-fifths of the distribution lies.

TABLE 4.3
SECOND INCOME QUINTILE LIMITS FOR 1988

PROVINCE	INCOME LIMITS ($)
Newfoundland	21,649
Prince Edward Island	24,349
Nova Scotia	25,249
New Brunswick	25,349
Quebec	28,099
Ontario	34,899
Manitoba	26,849
Saskatchewan	25,599
Alberta	32,349
British Columbia	30,949

SOURCE: Income Distributions by Size in Canada, Statistics Canada, 1988.

The incidence of RNH households with incomes below the second income quintile limits (with the exception of the Yukon and the Northwest Territories, for which such limits are not available), are shown in Table 4.4.

TABLE 4.4
RNH HOUSEHOLDS WITH INCOMES BELOW
THE SECOND INCOME QUINTILE LIMITS

	INCIDENCE %	SAMPLE SIZE n
ALL PROGRAMS	89.7	1,987
PROGRAM		
RNH Regular	89.4	1,840
Homeowner	88.4	1,406
Lease-Purchase	100.0	64
Rental	94.8	370
RNH Demonstration	94.3	100
F/P Basic Shelter (N.B.)	97.7	47
PROVINCE		
Newfoundland	81.0	269
Prince Edward Island	86.1	36
Nova Scotia	86.5	154
New Brunswick	94.0	198
Quebec	99.4	205
Ontario	93.9	214
Manitoba	89.2	223
Saskatchewan	86.7	244
Alberta	89.6	262
British Columbia	91.8	182
LOCATION		
Remote	87.8	529
Non-Remote	90.0	1,458
YEAR OF COMMITMENT		
Pre-1981	89.2	691
1981-1985	86.9	725
Post-1985	97.1	568

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

The RNH programs serve low-income households very well, using the second income quintile limit as a measure of low income.

The third measure of low income is the "low income cutoff" developed by Statistics Canada (Table 4.5). The Low Income Cutoffs vary by settlement and household size, and attempt to capture needs and costs in the assessment of low income. However, they do not take into account regional cost differences within the urban size category. The method for estimating the Low Income Cutoffs involves estimating income levels where families spend 60 per cent or more of their total

income than the average family on food, shelter and clothing. Regression analysis was used in the determination of these income levels. Although Statistics Canada's Low Income Cutoffs are commonly referred to as official poverty lines, they have no official status nor does Statistics Canada promote their use as poverty lines. The Low Income Cutoffs used to identify low-income households occupying RNH units are as follows:

TABLE 4.5
STATISTICS CANADA'S
LOW INCOME CUTOFFS FOR 1988

FAMILY SIZE	RURAL AREAS ($)
1	8,555
2	11,181
3	14,972
4	17,308
5	20,127
6	21,973
7+	24,209

SOURCE: Income Distributions by Size in Canada, Statistics Canada, 1988.

The incidence of RNH households with incomes below the Statistics Canada Low Income Cutoffs is shown in Table 4.6. Overall, over 60 per cent of RNH households have low incomes using this measure.

TABLE 4.6
RNH HOUSEHOLDS WITH INCOMES BELOW
STATISTICS CANADA'S LOW INCOME CUTOFFS

	INCIDENCE %	SAMPLE SIZE n
ALL PROGRAMS	61.5	2,135
PROGRAM		
RNH Regular	61.7	1,931
Homeowner	60.7	1,451
Lease-Purchase	83.8	64
Rental	65.6	416
RNH Demonstration	68.7	106
F/P Basic Shelter (N.B.)	90.9	47
F/T HAP (N.W.T.)	17.7	51
PROVINCE/TERRITORY		
Newfoundland	66.8	269
Prince Edward Island	47.7	36
Nova Scotia	64.7	154
New Brunswick	75.9	198
Quebec	67.5	205
Ontario	61.3	214
Manitoba	69.2	223
Saskatchewan	56.3	244
Alberta	41.3	262
British Columbia	66.9	182
Northwest Territories	25.7	138
Yukon	-	10
LOCATION		
Remote	61.7	677
Non-Remote	61.5	1,458
YEAR OF COMMITMENT		
Pre-1981	67.3	704
1981-1985	54.4	755
Post-1985	64.1	673

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

The final measure of low income is the extent to which RNH households have incomes below the Core Need Income Threshold (CNIT). CNIT is the income at which the costs of suitable and adequate accommodation equals 30 per cent of gross household income. The threshold varies by location and household size and composition.

Table 4.7 shows the incidence of households with incomes below the CNIT. Three-quarters of all households assisted through the programs had incomes in 1988 which were below the 1988 Core Need Income Threshold. The fact that 25 per cent were above CNIT has two possible explanations: either the programs were not well targeted in the first place or the households have evolved significantly since entering the program. Basic Shelter has the highest proportion of households below the CNIT (95.4 per cent) followed by RNH Demonstration (86.9 per cent). HAP has the lowest proportion with less than two-thirds of the households (64.7 per cent) below the CNIT.

The table also shows the incidence of households with incomes below the CNIT for the RNH Regular program (including F/P Basic Shelter and F/T HAP) by province/territory, remote/non-remote location and commitment year. The rental component currently serves more households below the CNIT (90.2 per cent) than do the lease-purchase (84.6 per cent) and homeowner (74.1 per cent) components. The proportion of households below the CNIT is lower in Nova Scotia and Saskatchewan, and higher in New Brunswick, Quebec, Manitoba and the Northwest Territories. The program serves more households below the CNIT in remote locations than non-remote locations and in the post-1985 portion of the portfolio.

Table 4.8 shows the incidence of households with incomes below the CNIT for the post-1985 programs only. Each component of the Regular RNH program has a higher proportion of households below the CNIT in the post-1985 portion. Highest proportions were for the rental component (96.2 per cent below CNIT) and for the Basic Shelter component (95.4 per cent). The lease-purchase component (89.6 per cent) and homeowner component (86.6 per cent), while lower, was better in the post-1985 portion. HAP had the lowest proportion of households below the CNIT (64.7 per cent). In the post-1985 portion of the RNH program, there was little difference in the proportion of households below the CNIT between remote and non-remote locations. Overall, over 90 per cent of RNH clients at the time of the survey had incomes below the CNIT's.[1]

---

[1] See Appendix I to this chapter for further analysis.

TABLE 4.7
RNH HOUSEHOLDS WITH INCOMES BELOW
THE CORE NEED INCOME THRESHOLD

	HOUSEHOLDS BELOW CNIT	
	INCIDENCE %	SAMPLE SIZE n
ALL PROGRAM AND UNIT TYPES	76.9	2,135
PROGRAM		
RNH Regular	76.8	1,931
Homeowner	74.1	1,451
Lease-Purchase	84.6	64
Rental	90.2	416
RNH Demonstration	86.9	106
F/P Basic Shelter (N.B.)	95.4	47
F/T HAP (N.W.T.)	64.7	51
RNH REGULAR UNITS ONLY		
PROVINCE/TERRITORY		
Newfoundland	75.6	257
Prince Edward Island	79.4	34
Nova Scotia	68.0	135
New Brunswick	85.4	143
Quebec	97.0	181
Ontario	77.3	202
Manitoba	80.6	211
Saskatchewan	69.0	238
Alberta	74.9	262
British Columbia	70.9	177
Northwest Territories	93.4	87
Yukon	-	4
LOCATION		
Remote	84.5	582
Non-remote	74.8	1,349
YEAR OF COMMITMENT		
Pre-1981	78.5	704
1981-1985	69.7	755
Post-1985	90.7	469

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 4.8
RNH HOUSEHOLDS WITH INCOME BELOW
THE CORE NEED INCOME THRESHOLD
POST-1985 PORTFOLIO

	HOUSEHOLDS BELOW CNIT	
	INCIDENCE %	SAMPLE SIZE n
ALL POST-1985 PROGRAM AND UNIT TYPES	89.1	673
PROGRAM		
RNH Regular	90.7	469
Homeowner	86.6	215
Lease-Purchase	89.6	54
Rental	96.2	200
RNH Demonstration	86.9	106
F/P Basic Shelter (N.B.)	95.4	47
F/T HAP (N.W.T.)	64.7	51
POST-1985 RNH REGULAR UNITS ONLY		
PROVINCE/TERRITORY		
Newfoundland	74.8	20
Prince Edward Island	84.2	19
Nova Scotia	84.8	35
New Brunswick	97.5	47
Quebec	96.7	115
Ontario	91.9	69
Manitoba	87.6	27
Saskatchewan	-	0
Alberta	73.8	34
British Columbia	83.0	55
Northwest Territories	93.5	46
Yukon	-	2
LOCATION		
Remote	94.4	139
Non-remote	89.4	330

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

2. Primary Sources of Income

Most clients indicated employment income as the primary source of income as Table 4.9 shows. The exceptions are New Brunswick, Quebec, Newfoundland and Manitoba. In New Brunswick, the percentage of households with welfare income

(43.6 per cent) is slightly higher than the percentage of households with employment income (41.9 per cent). The highest proportion of households in Quebec receive pension income (42.7 per cent), associated with the large number of senior citizens. In Manitoba the proportion of households receiving pension income (37.0 per cent) is slightly higher than the proportion of households receiving employment income (35.1 per cent), again due to the large proportion of senior clients.

Nationally, 22.8 per cent of client households cited welfare as their primary source of income. Three provinces stand out as having large proportions of client households on welfare: New Brunswick (43.6 per cent), Quebec (31.8 per cent) and British Columbia (36.8 per cent).

Newfoundland (20.9 per cent) and Prince Edward Island (22.6 per cent) have more households receiving income from unemployment insurance than other provinces. Dependence on seasonal work such as fishing and fish processing is probably one of the main reasons for the higher proportions of client households citing income from unemployment insurance as their primary source.

If the HIFE distribution of major income source for households is used for comparison (Table 2.1.5 in Appendix I to Chapter II), one finds that the RNH programs serve a higher proportion of households with employment income, a lower proportion of households with UIC income, and the same proportion of households with welfare income. The HIFE distribution of these three sources for the rural core need households is 32.4, 10.0 and 22.8 per cent respectively, whereas the RNH Client Survey shows that 52.3 per cent receive employment income, 6 per cent receive UIC income and 22.8 per cent are on welfare.

Table 4.10 shows that about 70 per cent of RNH couples with children claim employment as their main source of income. This compares to 49 per cent of rural core need couples with children claiming employment as their main source of income (Table 2.1.6 in Appendix I to Chapter II). RNH single parents also rely more on employment income than do rural core need single parents.

TABLE 4.9
PRIMARY SOURCE OF INCOME

	EMPLOYMENT %	PENSION %	WELFARE %	UIC %	OTHERS %	SAMPLE SIZE n
ALL PROGRAMS	52.3	15.3	22.8	5.8	3.8	2,929
PROGRAM						
RNH Regular	52.1	15.6	22.6	5.8	3.9	2,669
Homeowner	57.1	9.5	22.8	6.4	4.2	1,995
Lease-Purchase	51.7	4.3	28.1	11.0	4.9	78
Rental	30.1	42.9	21.7	3.0	2.3	596
RNH Demonstration	56.6	8.5	24.8	8.6	1.5	132
F/P BSP (N.B.)	34.0	5.2	54.6	3.7	2.5	58
F/T HAP (N.W.T.)	85.7	0.0	12.9	1.4	0.0	70
PROVINCE/TERRITORY						
Newfoundland	44.4	15.8	15.2	20.9	3.7	334
Prince Edward Island	56.7	10.6	8.3	22.6	1.8	49
Nova Scotia	58.3	13.9	22.2	2.1	3.5	214
New Brunswick	41.9	4.2	43.6	7.9	2.4	252
Quebec	19.2	42.7	31.8	4.0	2.3	236
Ontario	59.8	4.4	24.0	4.2	7.6	254
Manitoba	35.1	37.0	22.3	3.3	2.3	392
Saskatchewan	59.2	17.2	16.0	3.8	3.8	442
Alberta	76.9	6.9	11.3	1.5	3.4	328
British Columbia	51.7	3.9	36.8	2.8	4.8	225
Northwest Territories	78.2	2.8	16.8	2.2	0.0	188
Yukon	-	-	-	-	-	15
LOCATION						
Remote	50.8	14.6	22.6	10.1	1.9	998
Non-remote	52.8	15.5	22.8	4.5	4.4	1,931

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 4.10
INCIDENCE OF RNH HOUSEHOLDS WITH EMPLOYMENT INCOME
(%)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	TOTAL REGULAR	DEMON-STRATION	F/T HAP
Single-person	34.0	2.5	14.4	-	-
Single-parent	38.7	33.3	38.1	26.5	-
Couple no child.	40.2	25.4	36.3	-	-
Couple with child.	71.4	60.0	70.5	64.9	87.3
Extended family	41.9	-	43.0	-	-
Other	36.3	45.9	38.8	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

3. Household Size

Together, the RNH programs predominantly serve large households. Approximately one-third of all households surveyed have five or more persons in the household (Table 4.11). The HAP and Demonstration programs have the largest proportion of households with five or more persons. The average number of persons in these programs is also among the highest, 5.2 and 4.3 persons respectively.

Provincially, the proportion of large households ranges from a low of 10.7 per cent in Quebec to a high of 44.7 per cent in the Northwest Territories. It is therefore not surprising to find that Quebec (39.9 per cent) has the highest percentage of single-person households. Nationally, only 10.9 per cent of all households are single-person households. One of the reasons for the high percentage of single persons in Quebec and Manitoba is the predominance of seniors living alone in rental units.

Remote areas have, on average, larger households than non-remote areas (4.4 versus 3.5 persons). In comparison, the general rural Canadian population reported an average of 3.0 persons (HIFE 1988). This average is much lower than most provincial, locational and program averages of RNH households.

TABLE 4.11
HOUSEHOLD SIZE BY TENURE AND PROVINCE/TERRITORY

	HOUSEHOLD SIZE (PERSON)					AVERAGE	SAMPLE
	1	2	3	4	5+	HSHLD.	SIZE
	%	%	%	%	%	SIZE	n
ALL PROGRAMS	10.9	15.6	18.5	24.6	30.4	3.7	2,965
PROGRAM							
RNH Regular	11.1	15.9	18.7	24.3	30.0	3.7	2,703
Homeowner	5.1	15.9	20.4	26.9	31.7	3.9	2,010
Lease-Purchase	0.0	9.4	30.7	25.7	34.2	4.3	80
Rental	37.3	16.3	10.8	13.3	22.3	2.9	613
RNH Demonstration	5.5	4.5	20.6	27.8	41.6	4.3	132
F/P BSP (N.B.)	3.6	10.5	16.7	38.4	30.8	4.1	59
F/T HAP (N.W.T.)	2.8	2.8	4.2	28.2	62.0	5.2	71
PROVINCE/TERRITORY							
Newfoundland	4.1	14.9	17.0	31.3	32.7	3.9	336
P.E.I.	0.0	14.5	22.9	22.8	39.8	4.1	48
Nova Scotia	6.0	11.3	25.1	27.9	29.7	3.8	216
New Brunswick	1.5	9.3	24.0	31.7	33.5	4.1	253
Quebec	39.9	21.9	15.1	12.4	10.7	2.4	236
Ontario	2.9	18.0	27.3	26.4	25.4	3.6	256
Manitoba	29.8	15.6	11.2	16.6	26.8	3.3	399
Saskatchewan	11.4	16.7	10.9	21.5	39.5	4.1	449
Alberta	5.1	17.2	21.6	28.1	28.0	3.7	330
B.C.	9.6	22.3	17.7	22.8	27.6	3.6	225
N.W.T.	8.2	10.1	15.7	21.3	44.7	4.3	202
Yukon	-	-	-	-	-	-	15
LOCATION							
Remote	7.8	12.3	14.5	21.5	43.9	4.4	1,018
Non-remote	11.8	16.6	19.7	25.5	26.4	3.5	1,947

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases

To refine the analysis further, household size is linked to program and household type (Table 4.12). The key interest in this breakdown is to assemble data that allow comparison between RNH and HIFE households by standardising for household type. Comparing Table 4.12 with Table 2.24 in Chapter II shows that the average household sizes of rural core need households are smaller than RNH households. For example, core need single-parent families in rural areas have an average household size of 2.9 persons, whereas single-parent households in the RNH Regular program average 3.3 persons. Rural core need couples with children average 4.2 persons, while RNH couples with children average 4.6 persons.

TABLE 4.12
AVERAGE HOUSEHOLD SIZE BY HOUSEHOLD TYPE
(#)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	TOTAL REGULAR	DEMONS-STRATION	F/T HAP
Single-person	1.0	1.0	1.0	-	-
Single-parent	3.3	3.3	3.3	3.4	-
Couple no child.	2.1	2.0	2.1	-	-
Couple with child.	4.5	4.7	4.6	4.7	5.4
Extended family	5.6	-	5.7	-	-
Other	3.9	4.8	4.1	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

4. Household Type

Eleven per cent of all RNH households comprise one person only. Couples with children are the most common household type served under the RNH programs (Table 4.13). Just over 50 per cent of RNH clients are of this type. Lease-purchase clients tend to be single-parent families (40.4 per cent) or couples with children (52.6 per cent). Similarly, 30.3 per cent of Basic Shelter households are single-parent households and 58.9 per cent are couples with children. In contrast, 36.9 per cent of rental households are singles and 28.2 per cent are couples with children. HAP households are overwhelmingly couples with children (88.8 per cent).

Households with children range from a low of 28.9 per cent in Quebec to a high of 77.3 per cent in Prince Edward Island. British Columbia has the highest percentage of single-parent families, followed by New Brunswick and Ontario.

Overall the RNH programs serve proportionately more single-parent households than the proportion found in the rural core need population. There are approximately 22 per cent single-parent households in the RNH programs as compared to 13 per cent in the general rural core need population. With respect to couples with children, 51 per cent of RNH households are of this type compared to 27 per cent of rural core need households which are of this type. On the other hand singles and couples are less well represented in the RNH population compared to the rural core need population.

TABLE 4.13
HOUSEHOLD TYPE BY TENURE AND PROVINCE/TERRITORY

	SINGLE-PERSON %	SINGLE-PAR. FAM. %	COUPLE NO CHILDREN %	COUPLE WITH CHILDREN %	EX-TENDED FAMILY %	OTHER %	SAMPLE SIZE n
ALL PROGRAMS	10.9	21.6	7.6	51.3	3.2	5.4	2,943
PROGRAM							
RNH Regular	11.1	21.7	7.8	50.8	3.2	5.4	2,680
Homeowner	5.3	23.2	7.2	56.0	3.2	5.1	1,994
Lease-Purchase	0.0	40.4	2.4	52.6	4.6	0.0	79
Rental	36.9	14.6	10.6	28.2	3.0	6.7	607
RNH Demonstration	5.5	14.5	2.2	63.9	4.0	9.9	132
F/P BSP (N.B.)	3.6	30.3	1.8	58.9	0.0	5.4	59
F/T HAP (N.W.T.)	2.8	4.2	2.8	88.8	0.0	1.4	72
PROVINCE/TERRITORY							
Newfoundland	4.1	9.6	8.6	69.9	2.5	5.3	335
P.E.I.	0.0	10.2	3.9	77.3	4.4	4.2	49
Nova Scotia	6.1	23.7	2.3	60.8	2.6	4.5	214
New Brunswick	1.5	30.7	3.3	57.9	2.1	4.5	249
Quebec	40.3	17.0	9.7	28.9	0.3	3.8	232
Ontario	3.0	30.5	7.4	54.0	3.1	2.0	250
Manitoba	29.3	15.8	9.5	35.0	4.5	5.9	398
Saskatchewan	11.6	16.7	11.7	47.4	5.7	6.9	448
Alberta	5.6	25.5	6.8	51.6	1.2	9.3	326
B.C.	9.6	37.1	5.6	40.8	2.0	4.9	224
N.W.T.	7.5	11.0	7.3	65.2	2.5	6.5	203
Yukon	-	-	-	-	-	-	15
LOCATION							
Remote	8.0	15.3	8.1	54.6	6.1	7.9	1,017
Non-remote	11.7	23.5	7.5	50.4	2.3	4.6	1,926

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

5. Seniors in Households

Seniors are defined as those over the age of 65 years. Table 4.14 shows the incidence of households with one or more seniors and of these households what proportion are seniors living alone.

TABLE 4.14
HOUSEHOLDS WITH ONE OR MORE PERSONS OVER AGE 65

	HOUSEHOLDS WITH ONE OR MORE SENIORS INCIDENCE %	PROPORTION OF HOUSEHOLDS WITH SENIORS LIVING ALONE INCIDENCE %	NUMBER OF HOUSEHOLDS WITH ONE OR MORE SENIORS n
ALL PROGRAMS	13.3	52.7	328
PROGRAM			
RNH Regular	13.6	53.0	319
Homeowner	7.0	21.9	128
Lease-Purchase	-	-	1
Rental	42.4	75.3	190
RNH Demonstration	-	-	7
F/P BSP (N.B.)	-	-	0
F/T HAP (N.W.T.)	-	-	2
PROVINCE/TERRITORY			
Newfoundland	8.3	7.8	26
P.E.I.	-	-	4
Nova Scotia	-	-	12
New Brunswick	-	-	4
Quebec	40.2	74.2	58
Ontario	-	-	8
Manitoba	35.8	73.1	99
Saskatchewan	16.0	43.5	77
Alberta	6.1	17.8	21
British Columbia	-	-	9
N.W.T.	-	-	9
Yukon	-	-	1
LOCATION			
Remote	11.0	30.0	97
Non-remote	14.0	58.0	231

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Nationally, 13.3 per cent of the client households assisted under the programs have at least one senior in the household. Just over 40 per cent of rental households have at least one or more seniors. The next highest incidence of households with seniors is the RNH Regular Homeowner program (7.0 per cent). The high incidence of seniors in rental units is probably related to the physical requirements of home upkeep. Seniors are physically less able to undertake the required

maintenance and repair work on a homeowner unit, therefore rental potentially represents a more appropriate option for them.

In Quebec and Manitoba more than 30 per cent of client households comprise one or more persons over the age of 65.

In the total rural population the incidence of households with seniors is 22 per cent (HIFE 1988). The percentage of rural core need households with seniors is slightly higher at 26.3 per cent. Hence, on a national basis, the RNH programs serve seniors to a lesser extent than they are found in the rural core need population.

Of the households with seniors one finds a high incidence of households with seniors living alone (52.7 per cent nationally). Seventy-five per cent of households with seniors in the Rental program are households of seniors living alone. By province, Quebec (74.2 per cent) has the highest incidence, followed by Manitoba (73.1 per cent).

6. Education Level

Table 4.15 shows the highest level of education attained by RNH clients. The results have been grouped into two categories: those with less than high school and those with high school or above. Overall 63.5 per cent of clients have a high school education or above as compared to 52.9 per cent of the rural core need population in Canada (HIFE 1988). The percentage is higher for the total rural population, 66.9 per cent. The proportion of rental households with high school or higher education is much lower than other program client households. Provincially, Manitoba has the lowest proportion of client households with high school or higher education.

In remote areas, a lower proportion of client households have at least a high school education (49.9 per cent) as compared to non-remote households where the reverse is true (67.6 per cent).

TABLE 4.15
EDUCATION LEVEL OF HOUSEHOLD HEAD
BY PROVINCE/TERRITORY, LOCATION, PROGRAM, TENURE

	LESS THAN HIGH SCHOOL %	HIGH SCHOOL OR ABOVE %	SAMPLE SIZE n
ALL PROGRAMS	36.5	63.5	2,932
PROGRAM			
RNH Regular	36.5	63.5	2,673
Homeowner	32.0	68.0	1,986
Lease-Purchase	12.8	87.2	80
Rental	56.9	43.1	607
RNH Demonstration	35.9	64.1	132
F/P BSP (N.B.)	33.5	66.5	57
F/T HAP (N.W.T.)	37.1	62.9	70
PROVINCE/TERRITORY			
Newfoundland	36.1	63.9	335
Prince Edward Island	27.8	72.2	48
Nova Scotia	30.6	69.4	215
New Brunswick	37.6	62.4	248
Quebec	45.9	54.1	234
Ontario	19.6	80.4	255
Manitoba	59.5	40.5	396
Saskatchewan	46.6	53.4	440
Alberta	18.0	82.0	324
British Columbia	21.4	78.6	224
Northwest Territories	40.6	59.4	199
Yukon	-	-	14
LOCATION			
Remote	50.1	49.9	1,002
Non-remote	32.4	67.6	1,930

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

The educational attainment of the head of RNH households roughly parallels that of the rural core need population once household type is controlled (Table 4.16). As for the rural core need population as a whole, single-parent household heads are better educated than the heads of other household types, followed by the head of two-parent families. Single persons and couples in the RNH portfolio tend to have lower educational attainment levels than the same household types in the rural core need population, while single-parent and family households tend to have higher educational attainment levels than those household types in the rural core need population.

TABLE 4.16
INCIDENCE OF HIGH SCHOOL EDUCATION AND ABOVE
(%)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	TOTAL REGULAR	DEMON-STRATION	F/T HAP
Single-person	55.2	31.2	40.4	-	-
Single-parent	74.9	58.1	72.7	76.1	-
Couple no child.	54.3	28.1	47.5	-	-
Couple with child.	71.9	63.3	71.0	71.7	63.5
Extended family	22.6	-	22.3	-	-
Other	50.7	37.0	47.6	-	-

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

B. Native and Non-Native Clients

1. Providing Assistance to Native Households

As shown in Table 4.17, almost one-third of all of the units under all of the Rural and Native programs were occupied at the time of the survey by households who reported having at least one member who they consider to be Native, that is, Status Indian, non-Status Indian, Inuit or Métis. The incidence is highest for F/T HAP, where almost all of the households are Native. Two-thirds of the RNH demonstration units are occupied by Native households. Just under five per cent of the F/P Basic Shelter units have Native households.

TABLE 4.17
RNH PORTFOLIO - NATIVE HOUSEHOLDS

	NATIVE HOUSEHOLDS	
	INCIDENCE %	SAMPLE SIZE n
ALL PROGRAM AND UNIT TYPES	29.9	2,955
PROGRAM		
RNH Regular	29.0	2,694
RNH Demonstration	65.0	130
F/P Basic Shelter (N.B.)	4.6	59
F/T HAP (N.W.T.)	98.6	72

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

Almost 30 per cent of the Regular RNH portfolio is occupied by Native households. As shown in Table 4.18, this consisted of almost half of the rental component (42.7 per cent), over one-third of the lease-purchase component (36.2 per cent) and over one-quarter of the homeowner component (25.7 per cent). The table also shows the variation by province/territory from almost 95 per cent in the Northwest Territories to less than five per cent in Newfoundland. Of the Native households, almost one-quarter are located in each of Manitoba and Saskatchewan.

The proportion of Native households is higher in remote areas than in non-remote areas, although the non-remote areas account for the majority of Native households. The pre-1981 portion of the portfolio has the highest incidence of Native households and accounts for 58.0 per cent of the total Native households.

TABLE 4.18
RNH REGULAR[1] PORTFOLIO (HOMEOWNER, RENTAL, LEASE-PURCHASE)
NATIVE HOUSEHOLDS

	RNH REGULAR PORTFOLIO NATIVE HOUSEHOLDS		
	INCIDENCE %	SAMPLE DISTRIBUTION %	SIZE n
ALL UNITS	29.5	100.0	2,825
TENURE			
Homeowner	25.7	69.0	2,002
Lease-Purchase	36.2	1.0	80
Rental	42.7	26.4	612
F/P BSP (N.B.)	4.6	0.1	59
F/T HAP (N.W.T.)	98.6	3.5	72
PROVINCE/TERRITORY			
Newfoundland[2]	4.1	1.6	319
Prince Edward Island	22.3	0.3	45
Nova Scotia	9.4	3.2	196
New Brunswick	10.4	3.5	243
Quebec	30.7	4.4	210
Ontario	26.1	13.0	244
Manitoba	47.8	23.2	382
Saskatchewan[3]	41.6	24.2	430
Alberta[4]	22.6	6.9	328
British Columbia	49.0	9.4	218
Northwest Territories	94.8	10.3	203
Yukon	-	-	7
LOCATION			
Remote	57.9	44.2	952
Non-remote	21.3	55.8	1,873
YEAR OF COMMITMENT			
Pre-1981	38.6	58.0	1,075
1981-1985	17.5	23.7	1,014
Post-1985	34.8	18.3	733

SOURCE: 1 RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Includes F/P Basic Shelter and F/T HAP units.
2 Does not include units built under the Canada-Newfoundland Native Peoples Agreement.
3 Does not include any units developed in Saskatchewan after 1985, as none were surveyed for the evaluation.
4 Does not include units delivered to Natives under Alberta's RHAP and REHP which, according to a memorandum of understanding between CMHC and the Province of Alberta, are to be included as units targeted to Natives under the RNH program.
"-" indicates less than 20 cases.

Survey data on Native households occupying units built since the implementation of the 1986 Agreements is shown in Table 4.19. The table shows that the proportion of need that is Native is exceeded by the proportion of post-1985 RNH households that are Native in all jurisdictions except Newfoundland.

According to the survey data, 34.8 per cent of the post-1985 portfolio was occupied by Native households. The Native targets established on a province by province basis have only been met in Prince Edward Island and the Northwest Territories. One caveat to this applies in Alberta, where a special arrangement allows units delivered to Natives under provincial programs to be counted. According to information supplied by Alberta, the Native target was met there. Another caveat is that the extent to which post-1985 units are occupied by Natives in Saskatchewan cannot be reported because no post-1985 units were surveyed there.

Program administrative data show an overall increase in the percentage of units committed to Natives since 1985. That year, 30 per cent were targeted to Natives; the next year, 38 per cent; then 40 per cent; and in 1989, 48 per cent.

The conclusion is that Native households have received priority attention under the Rural and Native Housing programs, although they have not been served at the target rate established for the program. However, the administrative data indicate that improvements have been made since 1985, with 48 per cent of the units committed in 1989 targeted to Native households.

2. Characteristics of Native and Non-Native Clients

This section examines the characteristics of Native and non-Native clients along a range of socio-economic characteristics. To this end, household profiles are provided for all programs combined, the Regular RNH programs, the RNH Demonstration program and the Emergency Repair Program.

Table 4.20 compares the characteristics of Native and non-Native households for all RNH program types. On average Native households are slightly larger than non-Native households served under the programs. This difference is reflected in the distribution of household types with Native households having relatively fewer single-person households, and relatively more extended family and other family arrangements. The second most common household type, both Native and non-Native, is the single-parent household.

Average incomes of Native and non-Native households are almost identical. However, proportionately more Native households in the lowest-income category (less than $5,000) are served than non-Native households.

TABLE 4.19
RNH REGULAR[1] - NATIVE HOUSEHOLDS
POST-1985 PROGRAMS

	NATIVE HOUSEHOLDS		
	PORTFOLIO %	TARGET %	SHARE OF TOTAL RURAL CORE NEED %
ALL UNITS	34.8	50.0	4.6
PROVINCE/TERRITORY			
Newfoundland[2]	0.0	22.0	1.9
Prince Edward Island	22.1	13.0	0.0
Nova Scotia	10.5	14.0	5.5
New Brunswick	5.2	6.0	.4
Quebec	18.8	30.0	.7
Ontario	24.3	38.0	2.6
Manitoba	39.4	79.0	11.9
Saskatchewan[3]	N/A	65.0	8.1
Alberta[4]	15.2	70.0	10.0
British Columbia	46.7	82.0	4.3
Northwest Territories	98.7	90.0	45.4
Yukon	-	99.0	34.0

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989 (Portfolio of post-1985 commitments occupied as of August 1988); 1986 F/P/T Global Agreements on Social Housing (Targets); 1981 Base Line Needs Data, CMHC.

NOTES:
1 Includes F/P Basic Shelter and F/T HAP units.
2 Does not include units built under the Canada-Newfoundland Native Peoples Agreement.
3 No units developed in Saskatchewan after 1985 were surveyed for the evaluation.
4 A Memorandum of Understanding signed by CMHC, the Métis Association of Alberta and the Province of Alberta says that units delivered to Natives under Alberta's RHAP and REHP will be recognised as meeting the Native delivery target for RNH. For example, with Alberta's Native delivery target of 70 per cent, if 200 units are delivered under RNH, then 140 should be to Natives. If RHAP and REHP delivery to Natives is more than 140 units, then the RNH delivery target of 70 per cent is satisfied. For 1986, 404 RHAP and REHP units were delivered, 442 RNH units were also delivered of which 40 were targeted to Natives. Thus 444 units in total were delivered to Natives which compares to the 442 RNH units.
"-" indicates less than 20 cases.

TABLE 4.20
HOUSEHOLD PROFILE BY ETHNICITY
ALL PROGRAMS

	NATIVE		NON-NATIVE	
	%	n	%	n
HOUSEHOLD SIZE				
1 person	6.1	65	13.6	238
2 persons	17.8	187	15.1	271
3 persons	19.0	238	17.5	337
4 persons	21.4	283	25.6	517
5 persons or more	35.7	480	28.2	535
Average no. of people in household	4.1		3.6	
HOUSEHOLD TYPE				
Single-person	5.9	64	13.7	238
Single-parent	23.0	283	19.3	373
Couple no children	9.4	89	7.5	130
Couple with children	47.5	645	52.8	1,016
Extended family	5.4	56	2.7	47
Other	8.8	112	4.0	73
INCOME LEVELS				
$0-$4,999	6.3	43	2.9	39
$5,000-$9,999	29.0	239	26.9	355
$10,000-$14,999	23.5	229	26.5	339
$15,000-$24,999	23.8	220	26.8	388
$25,000 or more	17.4	170	16.9	237
Average income	$15,705		$15,935	
Average income/CNIT	0.65		0.83	
PRIMARY SOURCE OF INCOME				
Employment	52.0	644	52.6	1,029
Pension	12.1	121	18.3	312
Welfare	27.9	355	18.9	343
UIC	4.9	72	6.1	136
Other	3.1	34	4.1	69
EDUCATION LEVEL				
Less than high school	50.6	576	30.8	547
High school & above	49.4	663	69.2	1,331

	INCIDENCE		INCIDENCE	
	%	n	%	n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	35.3	495	27.2	550
Child. 5-17 years	62.5	833	63.3	1,232
Adults 18-65 years	94.3	1,206	89.0	1,708
Seniors over 65 years	11.0	106	15.2	259
Disabled member in household	18.3	195	20.9	373
AT LEAST 1 PERSON WITH				
Full-time work	38.7	507	39.7	766
Part-time work	40.9	511	39.4	788
Owned house previously	29.2	305	31.2	553

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

Average income is only a rough indicator of the economic well-being of a household. A more accurate measure is the income-to-CNIT ratio. This is because the ratio is sensitive to income, household size, and the cost of housing in different geographic locations. Using this measure, the different household circumstances between Natives and non-Natives is more pronounced. On average, Native households' incomes are much lower than the income threshold needed to provide a household with suitable and adequate housing without paying 30 per cent or more of income. The income-to-CNIT ratio is 0.64 for Native clients and 0.84 for non-Native households.

In terms of source of primary income, an equal percentage of Native and non-Native households cite employment as the major source of income. However, there are proportionately more Natives receiving welfare than non-Natives whereas for pension income there are proportionately more non-Native than Native households receiving pensions. Source of income is often a reflection of household age. If there are fewer employment opportunities and the population is of working age, then there is a greater chance to find those who cannot secure permanent employment to be assisted through welfare. Similarly, an older population will be dependent more on pensions than welfare. The younger age distribution of the Native population has contributed to the observed differences in source of primary income.

The proportion of people in the workforce is similar between the two groups as is the proportion of households who have previously owned a home. Similar proportions of households also have a disabled member present.

Table 4.21 presents a similar profile except that only clients served under the RNH Homeowner, Rental and Lease-Purchase programs are examined. Not surprisingly, since these program clients comprise a large proportion of all clients, the same similarities and differences between the two groups appear as in the previous table. However, there is a larger difference between average incomes, with non-Native household incomes ($16,273) exceeding those of Native households ($14,697). Further, examination of the income-to-CNIT ratio shows a larger economic difference between the two groups.

TABLE 4.21
HOUSEHOLD PROFILE BY ETHNICITY
REGULAR RNH PROGRAM[1]

	NATIVE %	NATIVE n	NON-NATIVE %	NON-NATIVE n
HOUSEHOLD SIZE				
1 person	5.9	52	13.2	213
2 persons	17.6	157	15.3	250
3 persons	19.9	198	18.2	310
4 persons	21.9	224	25.3	454
5 persons or more	34.7	361	28.0	471
Average no. of people in household	4.1		3.6	
HOUSEHOLD TYPE				
Single-person	5.7	51	13.3	213
Single-parent	25.9	253	20.2	341
Couple no children	8.4	68	7.5	120
Couple with children	46.5	481	52.5	902
Extended family	5.0	45	2.5	40
Other	8.5	90	4.0	63
INCOME LEVELS				
$0-4,999	6.1	32	2.6	34
$5,000-9,999	32.0	208	26.2	304
$10,000-14,999	23.4	186	25.8	291
$15,000-24,999	24.2	177	27.6	356
$25,000 or more	14.3	108	17.8	224
Average income	$14,697		$16,273	
Average income/CNIT	0.64		0.84	
PRIMARY SOURCE OF INCOME				
Employment	50.4	489	52.6	927
Pension	10.9	93	17.6	276
Welfare	30.7	298	19.4	298
UIC	4.6	56	6.3	127
Other	3.4	30	4.1	62
EDUCATION LEVEL				
Less than high school	50.2	454	31.0	493
High school & above	49.8	524	69.0	1,190

	INCIDENCE %	INCIDENCE n	INCIDENCE %	INCIDENCE n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	36.4	378	27.5	483
Child. 5-17 years	64.8	668	63.5	1,099
Adults 18-65 years	94.2	952	88.9	1,519
Seniors over 65 years	10.1	82	15.0	236
Disabled member in household	19.6	165	20.5	322
AT LEAST 1 PERSON WITH				
Full-time work	37.9	388	40.7	706
Part-time work	38.8	385	38.9	691
Owned house previously	29.3	256	31.0	505

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Includes RNH Homeowners, Rental and Lease-Purchase clients.

Table 4.22 presents a comparison of the two groups served by the RNH Demonstration program. While small sample sizes should be recognised as a factor in interpreting this table, some similarities and differences appear that were not evident in the previous comparisons. On household size, type and age indicators, there appears to be little difference between Native and non-Native clients. However, average incomes differ with non-Native average incomes ($17,121) being higher than Native incomes ($14,249). The income-to-CNIT ratio again confirms the economic difference between Native and non-Native households. Also proportionately more non-Native clients cite employment as their source of primary income than Native clients. Larger differences in level of education are also apparent.

A comparison of Native clients served by the RNH Demonstration program with Native clients served by the RNH Regular program indicates some differences. Native households served under the RNH Demonstration program are slightly larger, younger, have fewer disabled persons present, are less likely to be single-parent families, and are more likely to be couples with children than their counterparts in the RNH Regular program. Average incomes are, however, similar as are sources of primary income. Native demonstration clients also have a higher propensity to have owned a house previously.

In contrast there are more significant differences in the characteristics of non-Native clients served under the RNH Demonstration program as compared with those under the RNH Regular program. Non-Native demonstration client households are much larger, younger, have higher incomes, are more educated, and are more likely to cite employment as their major source of income than their non-Native counterparts in RNH Regular units. The same proportion of non-Native demonstration clients have a disabled person present as their counterparts in the RNH Regular stock. Like Native demonstration clients, non-Native demonstration clients have a higher propensity to have owned a house previously.

TABLE 4.22
HOUSEHOLD PROFILE BY ETHNICITY
RNH DEMONSTRATION PROGRAM

	NATIVE %	NATIVE n	NON-NATIVE %	NON-NATIVE n
HOUSEHOLD SIZE				
1 person	4.2	3	8.0	3
2 persons	6.0	5	0.0	0
3 persons	22.2	18	16.1	8
4 persons	23.6	20	36.8	16
5 persons or more	44.0	39	39.1	18
Average no. of people in household	4.4		4.2	
HOUSEHOLD TYPE				
Single-person	4.2	3	8.0	3
Single-parent	12.5	10	16.8	9
Couple no children	3.5	3	0.0	0
Couple with children	64.4	56	63.5	28
Extended family	3.4	3	5.3	2
Other	12.0	10	6.4	3
INCOME LEVELS				
$0-$4,999	4.3	3	0.0	0
$5,000-$9,999	24.0	14	9.7	4
$10,000-$14,999	32.7	21	31.5	14
$15,000-$24,999	27.0	18	44.7	17
$25,000 or more	12.0	7	14.1	6
Average income	$14,249		$17,121	
Average income/CNIT	0.58		0.86	
PRIMARY SOURCE OF INCOME				
Employment	45.9	39	74.4	32
Pension	10.5	8	5.3	3
Welfare	33.5	29	9.7	5
UIC	10.1	9	6.2	3
Other	0.0	0	4.4	2
EDUCATION LEVEL				
Less than high school	46.7	40	15.0	7
High school & above	53.3	45	85.0	38

	INCIDENCE %	INCIDENCE n	INCIDENCE %	INCIDENCE n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	58.5	51	58.0	27
Child. 5-17 years	65.2	55	71.1	33
Adults 18-65 years	97.2	83	100.0	45
Seniors over 65 years	6.7	5	5.3	2
Disabled member in household	13.1	11	21.6	10
AT LEAST 1 PERSON WITH				
Full-time work	25.4	22	46.3	22
Part-time work	49.5	42	64.6	28
Owned house previously	43.2	36	50.0	20

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

Table 4.23 presents a comparison of the two groups served by the Emergency Repair Program. It should be noted that the data presented here relate to ERP clients served in 1986 and 1987 only. Native households served under ERP are larger, and more likely to be single-parent families or couples without children than non-Native ERP clients. Average incomes for Natives are much higher ($16,319) than for non-Natives ($12,059), even though almost the same proportion of very low-income (less than $5,000) clients are served. The income-to-CNIT ratio also shows that Native clients are slightly better-off than non-Native clients.

When Native clients served under ERP are compared with Native clients served under the Regular RNH programs, significant differences emerge. Native ERP clients have the same household size and education levels but are more likely to be couples without children, less likely to be single-parent families, are older, and are less likely to be on welfare. Average incomes for Native clients under ERP are also higher than those for their Native counterparts in the Regular program. A comparison of non-Native clients under both programs shows similar differences although average incomes for non-Native ERP clients are much lower than those for non-Native clients in the Regular program. Clearly the ERP program is providing a housing option for a more mature rural clientele who may wish to remain in their own home.

C. Characteristics of Clients by Program

This section examines the characteristics of Regular RNH clients in the Homeowner, Rental and Lease-Purchase programs as well as the characteristics of clients in units that received ERP grants in 1986 and 1987. While some of the characteristics have already been portrayed in earlier parts of this chapter, it is useful to provide a consolidated picture of the clients being served under each of the main program options.

Table 4.24 provides a comparison of the clients currently being served under both the pre-1986 and post-1985 versions of the three programs. Average household size is larger in the homeowner and lease-purchase units than in the rental units. This reflects the large percentage (36.9 per cent) of single-person households in rental units compared with the other two program options. This finding is related to the large percentage of elderly persons found in rental housing compared with the other two program types. Rental housing is clearly serving a client group that the other two program types are not: the elderly household, often a single person living alone. As noted in Chapter II, elderly households comprise a significant proportion of rural core housing need.

TABLE 4.23
HOUSEHOLD PROFILE BY ETHNICITY
ERP PROGRAM

	NATIVE		NON-NATIVE	
	%	n	%	n
HOUSEHOLD SIZE				
1 person	7.6	8	19.9	20
2 persons	22.1	23	14.3	15
3 persons	16.9	18	10.0	10
4 persons	17.6	18	26.1	25
5 persons or more	35.8	36	29.7	28
Average no. of people in household	4.0		3.5	
HOUSEHOLD TYPE				
Single-person	7.7	8	20.4	20
Single-parent	14.1	14	8.0	8
Couple no children	15.5	16	8.9	9
Couple with children	43.8	45	53.1	50
Extended family	8.1	8	5.8	5
Other	10.8	11	3.8	4
INCOME LEVELS				
$0-$4,999	7.7	6	6.8	4
$5,000-$9,999	21.0	15	32.5	21
$10,000-$14,999	26.3	20	34.2	22
$15,000-$24,999	22.8	17	18.9	11
$25,000 or more	22.2	16	7.6	5
Average income	$16,319		$12,059	
Average income/CNIT	0.66		0.59	
PRIMARY SOURCE OF INCOME				
Employment	54.8	57	52.0	49
Pension	19.3	20	29.3	30
Welfare	17.5	17	10.3	11
UIC	6.0	6	3.9	4
Other	2.4	3	4.5	4
EDUCATION LEVEL				
Less than high school	55.0	56	28.6	28
High school & above	45.0	48	71.4	67
	INCIDENCE		**INCIDENCE**	
	%	n	%	n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	25.3	26	19.4	18
Child. 5-17 years	49.5	51	58.8	56
Adults 18-65 years	93.4	97	88.9	87
Seniors over 65 years	16.3	17	21.1	21
Disabled member in household	15.5	16	24.2	25
AT LEAST 1 PERSON WITH				
Full-time work	37.0	38	30.4	28
Part-time work	48.4	51	42.3	42
Owned house previously	N/A		N/A	

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 4.24
HOUSEHOLD PROFILE BY TENURE
REGULAR RNH PROGRAM

	HOMEOWNER		LEASE-PURCHASE		RENTAL		ALL RNH	
	%	n	%	n	%	n	%	n
HOUSEHOLD SIZE								
1 person	5.1	93	0.0	0	37.3	173	11.1	266
2 persons	15.9	292	9.4	8	16.3	107	15.9	407
3 persons	20.4	387	30.7	26	10.8	97	18.7	510
4 persons	26.9	556	25.7	21	13.3	105	24.4	682
5 persons or more	31.7	682	34.2	25	22.3	131	30.0	838
Average no. of people in household	3.9		4.3		2.9		3.7	
HOUSEHOLD TYPE								
Single-person	5.3	95	0.0	0	36.9	170	11.1	265
Single-parent	23.2	450	40.4	34	14.6	110	21.8	594
Couple no children	7.2	128	2.4	2	10.6	59	7.8	189
Couple with children	56.0	1,142	52.6	40	28.2	211	50.9	1,393
Extended family	3.2	67	4.6	3	3.0	15	3.2	85
Other	5.1	112	0.0	0	6.7	42	5.4	154
INCOME LEVELS								
$0-$4,999	2.9	44	3.0	2	7.4	20	3.6	66
$5,000-$9,999	25.1	322	38.2	23	41.9	168	27.8	513
$10,000-$14,999	25.7	355	25.4	17	21.8	107	25.1	479
$15,000-$24,999	28.5	443	27.7	18	16.5	76	26.6	537
$25,000 or more	17.8	287	5.7	4	12.4	45	16.8	336
Average income	$16,347		$12,824		$13,238		$15,826	
Average income/CNIT	0.82		0.66		0.57		0.78	
PRIMARY SOURCE OF INCOME								
Employment	57.1	1,187	51.7	41	30.1	198	52.1	1,426
Pension	9.5	175	4.3	4	42.9	190	15.6	369
Welfare	22.8	407	28.1	23	21.7	169	22.6	599
UIC	6.4	151	11.0	7	3.0	25	5.8	183
Other	4.2	75	4.9	3	2.3	14	3.9	92
EDUCATION LEVEL								
Less than high sch.	32.0	632	12.8	9	56.9	308	36.5	949
High school & above	68.0	1,354	87.2	71	43.1	299	63.5	1,724
	INCIDENCE		**INCIDENCE**		**INCIDENCE**		**INCIDENCE**	
	%	n	%	n	%	n	%	n
AGE GROUPS IN HOUSEHOLDS								
Child. under 5 yrs.	30.0	642	45.0	34	30.3	193	30.2	869
Child. 5-17 yrs.	69.7	1,438	80.6	65	38.3	274	63.9	1,777
Adults 18-65 yrs.	97.0	1,958	98.9	79	61.6	447	90.5	2,484
Seniors over 65 yrs.	7.0	128	1.1	1	42.4	190	13.6	319
Disabled member in household	21.2	384	8.6	8	16.6	98	20.3	490
AT LEAST 1 PERSON WITH								
Full-time work	44.3	914	41.6	33	21.0	155	39.9	1,102
Part-time work	42.4	882	38.7	32	23.7	167	38.9	1,081
Owned house previously	29.6	593	4.3	4	35.6	167	30.5	764

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

In terms of other household types, all three programs appear to serve single-parent families and couples with children to varying degrees. No one program has a monopoly on these household types although the rental option has relatively fewer clients in these two groups.

Average incomes are higher in the homeownership option ($16,347) than the rental option ($13,238), with the lease-purchase occupants having the lowest average income ($12,824). The difference in average incomes between households in the three programs is not large. However, the income-to-CNIT ratio shows a larger difference in well-being between the three program options. In terms of clients with very low incomes, 49.3 per cent of rental clients have incomes less than $10,000, compared with 41.2 per cent of lease-purchase clients and 28.0 per cent of homeowner clients. While the housing of clients with very low incomes under the rental option is highly appropriate, the fact that 28.0 per cent of homeowner clients have less than $10,000 income may not augur well for their future ability to maintain payments and the costs associated with owning and running a home.

With respect to source of primary income, major differences in employment income to a large extent reflect the older and younger age profiles of the rental and homeowner/lease-purchase clients respectively. Welfare clients are served by all three program options to the same degree.

Relatively more homeowner and lease-purchase households have at least a high school education and at least one person with full-time work compared with their rental counterparts. Disabled members present in the household range from 9 per cent of all households in the case of lease-purchase to 21 per cent of all households in the case of the homeowner option.

Table 4.25 presents the same information as in Table 4.24 but for the post-1985 portfolio only. In addition the characteristics of recent ERP, HAP, and demonstration clients are presented for comparison (Table 4.26). Although the figures differ somewhat, the key differences in household characteristics across the three program options for the portfolio as a whole also apply in the case of the post-1985 portfolio.

While the percentage of elderly households in the post-1985 rental and lease-purchase portfolios is the same as for the portfolios as a whole, there are hardly any elderly persons in the post-1985 homeowner units compared with 7.0 per cent in the portfolio as a whole. After rental housing, the Emergency Repair Program appears to serve relatively more households with elderly persons present (18.6 per cent).

TABLE 4.25
HOUSEHOLD PROFILE BY TENURE
POST-1985 PORTFOLIO

	HOMEOWNER %	HOMEOWNER n	LEASE-PURCHASE %	LEASE-PURCHASE n	RENTAL %	RENTAL n	ALL RNH %	ALL RNH n
HOUSEHOLD SIZE								
1 person	0.8	3	0.0	0	37.2	76	17.4	79
2 persons	11.1	24	11.1	8	20.1	54	15.2	86
3 persons	30.4	69	33.3	24	15.1	50	23.5	143
4 persons	32.2	86	23.6	17	12.2	43	22.7	146
5 persons or more	25.5	76	32.0	21	15.4	51	21.2	148
Average no. of people in household	3.9		4.2		2.6		3.3	
HOUSEHOLD TYPE								
Single-person	0.9	3	0.0	0	37.4	74	17.3	77
Single-parent	26.8	61	47.4	34	15.5	50	22.7	145
Couple no child.	4.1	9	2.8	2	11.1	27	7.2	38
Couple with child.	64.4	172	44.4	30	28.9	96	47.5	298
Extended family	0.8	3	5.4	3	1.5	5	1.3	11
Other	3.0	9	0.0	0	5.6	16	4.0	25
INCOME LEVELS								
$0-$4,999	1.1	3	3.6	2	4.5	9	2.6	14
$5,000-$9,999	17.2	36	34.7	19	44.0	81	29.1	136
$10,000-$14,999	37.0	78	31.1	17	28.5	55	33.2	150
$15,000-$24,999	35.0	73	28.8	15	12.1	29	25.3	117
$25,000 or more	9.7	25	1.8	1	10.9	26	9.8	52
Average income	$15,057		$12,435		$13,033		$14,095	
Average income/CNIT	0.76		0.63		0.53		0.66	
PRIMARY SOURCE OF INCOME								
Employment	60.1	158	51.3	34	27.4	86	45.1	278
Pension	5.3	11	5.1	4	40.2	78	20.9	93
Welfare	24.3	60	30.3	22	25.9	79	25.3	161
UIC	6.2	19	7.5	5	4.8	16	5.6	40
Other	4.1	9	5.8	3	1.7	3	3.1	15
EDUCATION LEVEL								
Less than high school	17.1	46	15.0	9	50.1	126	31.9	181
High school and above	82.9	211	85.0	61	49.9	144	68.1	416
	INCIDENCE %	**INCIDENCE n**	**INCIDENCE %**	**INCIDENCE n**	**INCIDENCE %**	**INCIDENCE n**	**INCIDENCE %**	**INCIDENCE n**
AGE GROUPS IN HOUSEHOLDS								
Child. under 5 years	51.9	125	40.8	28	29.2	96	40.9	249
Child. 5-17 years	64.1	181	79.9	57	33.0	113	50.6	351
Adults 18-65 years	99.5	256	98.7	69	64.3	207	83.4	532
Seniors over 65 years	0.9	4	1.3	1	38.7	78	18.2	83
Disabled member in household	21.6	54	10.1	8	15.0	41	18.0	103
AT LEAST 1 PERSON WITH								
Full-time work	51.5	129	40.9	27	21.9	75	37.4	231
Part-time work	47.3	113	37.4	28	21.2	74	34.9	215
Owned house previously	17.6	54	27.4	3	3.8	62	21.4	119

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 4.26
HOUSEHOLD PROFILE BY TENURE
POST-1985 PORTFOLIO

	DEMONSTRATION		F/T HAP		ERP	
	%	n	%	n	%	n
HOUSEHOLD SIZE						
1 person	5.5	6	2.8	2	13.4	28
2 persons	4.5	6	2.8	2	18.5	38
3 persons	20.6	27	4.2	3	13.7	28
4 persons	27.8	36	28.2	20	21.6	43
5 persons or more	41.6	57	62.0	44	32.8	64
Average no. of people in household	4.3		5.2		3.7	
HOUSEHOLD TYPE						
Single-person	5.5	6	2.8	2	13.6	28
Single-parent	14.5	20	4.2	3	11.3	22
Couple no child.	2.2	3	2.8	2	12.4	25
Couple with child.	63.9	85	88.8	64	48.2	95
Extended family	4.0	5	0.0	0	7.0	13
Other	9.9	13	1.4	1	7.5	15
INCOME LEVELS						
$0-$4,999	2.5	3	3.9	2	7.3	10
$5,000-$9,999	18.0	18	0.0	0	26.1	36
$10,000-$14,999	31.6	35	3.9	2	29.9	42
$15,000-$24,999	35.3	37	13.7	7	21.0	28
$25,000 or more	12.6	13	78.5	40	15.7	21
Average income	$15,393		$41,024		$14,438	
Average income/CNIT	0.69		0.89		0.64	
PRIMARY SOURCE OF INCOME						
Employment	56.6	73	85.7	60	53.5	106
Pension	8.5	11	0.0	0	24.0	50
Welfare	24.8	34	12.9	9	14.1	28
UIC	8.6	12	1.4	1	5.0	10
Other	1.5	2	0.0	0	3.4	7
EDUCATION LEVEL						
Less than high school	35.9	48	37.1	26	42.9	84
High school and above	64.1	84	62.9	44	57.1	115
	%	n	%	n	%	n
AGE GROUPS IN HOUSEHOLDS						
Child. under 5 years	57.4	78	54.2	39	22.6	44
Child. 5-17 years	67.8	90	79.2	57	53.8	107
Adults 18-65 years	98.2	130	100.0	72	91.3	184
Seniors over 65 years	6.1	7	2.8	2	18.6	38
Disabled member in household	15.8	21	2.8	2	19.6	41
AT LEAST 1 PERSON WITH						
Full-time work	32.9	45	81.9	59	33.9	66
Part-time work	54.8	71	44.4	32	45.6	93
Owned house previously	44.9	56	18.1	13	N/A	N/A

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

HAP clients have the highest average incomes, followed by demonstration clients, Regular RNH homeowners, ERP clients, and then rental and lease-purchase clients. This pattern changes somewhat once incomes are adjusted to reflect local housing costs and the needs of the households by dividing income by the relevant Core Need Income Threshold. The difference between HAP clients and the clients of the other programs narrows, although HAP clients on average still have higher income-to-CNIT ratios. They are followed by Regular RNH homeowners, then demonstration clients, ERP clients, lease-purchase clients, and lastly, rental clients. ERP clients have slightly lower income-to-CNIT ratios than do all Regular RNH clients, while demonstration clients have slightly higher income-to-CNIT ratios.

The largest households are clients of HAP, followed by the demonstration clients, and Regular homeowner clients. The smallest households are in the Rental Program. Demonstration and Emergency Repair households are on average larger than Regular RNH households.

The Rental program clearly serves proportionately more single persons than the other programs, followed by the ERP. The HAP and the other Homeowner programs tend to serve families. The Demonstration program serves proportionately fewer single-parent families than the Regular RNH programs, but proportionately more two-parent families. The ERP serves about the same percentage of couples with children as the Regular RNH programs, slightly lower percentages of singles and single parents, and slightly higher percentages of couples with no children.

The Rental program serves proportionately more seniors than the other programs, followed by the ERP. The Homeowner programs tend to serve fewer seniors. The Demonstration program serves proportionately fewer seniors than the Regular RNH programs, while the ERP serves about the same proportion as the Regular RNH programs.

D. Characteristics of Clients by Location

This section discusses the profile of client households in remote and non-remote areas for households in the Regular RNH programs, the Emergency Repair Program and the RNH Demonstration program.

Households served by the Regular RNH programs do not differ significantly by location (Table 4.27). Similarities are household types, source of primary income, and age distributions. Even though average incomes are similar, non-remote households are better-off when the income-to-CNIT ratio is considered. Remote households, however, tend to be larger, are more dependent on UIC as a primary source of income, have lower education levels, and fewer persons with

full-time work than their non-remote counterparts. Remote households are also more likely to have owned a house previously. Non-remote households are more likely to have a disabled person present.

Table 4.28 presents the characteristics of RNH demonstration clients by remote and non-remote location. While small sample sizes should be borne in mind, interesting differences emerge. While average household size is similar, single-parent families are relatively more common in non-remote demonstration units. A couple with children is the predominant household type in the remote setting. In addition, 7.1 per cent of clients in non-remote areas are single persons.

Households in demonstration units in remote areas have, on average, higher incomes ($17,255), but are less well-off according to the income-to-CNIT ratio, than those in the non-remote areas ($14,409). Remote households cited employment income as their primary source more often than non-remote households who cited employment and welfare as the main sources.

Table 4.29 presents the characteristics of recent ERP clients by remote and non-remote locations. The biggest difference between the two groups is the extent to which seniors are served. Seniors over 65 are found in 21.4 per cent of ERP units in non-remote areas compared with only 9.6 per cent of units in remote areas. This difference is also reflected in a greater proportion of single-person households in non-remote areas, a greater dependence on pension as a primary income source, a higher proportion of disabled members present and a lower proportion of households with at least one person with full-time work. Average incomes are also higher in remote areas ($16,721) than in non-remote areas ($13,360). However, non-remote households are more well-off as the income-to-CNIT ratio indicates.

There are relatively more single-parent families and other household types served by ERP in remote areas compared with non-remote areas; conversely there are relatively fewer couples with no children served in remote areas. Overall a wide variety of household types are assisted under the ERP program.

TABLE 4.27
HOUSEHOLD PROFILE BY LOCATION
REGULAR RNH PROGRAM

	REMOTE		NON-REMOTE	
	%	n	%	n
HOUSEHOLD SIZE				
1 person	8.2	72	11.9	194
2 persons	13.0	120	16.7	287
3 persons	14.7	148	19.8	362
4 persons	21.0	187	25.3	495
5 persons or more	43.1	356	26.3	482
Average no. of people in household	4.3		3.5	
HOUSEHOLD TYPE				
Single-person	8.4	73	11.9	192
Single-parent	16.0	170	23.4	424
Couple no children	8.4	68	7.6	121
Couple with children	52.6	454	50.2	939
Extended family	6.5	47	2.3	38
Other	8.1	69	4.6	85
INCOME LEVELS				
$0-$4,999	6.5	29	2.9	37
$5,000-$9,999	27.1	153	28.0	360
$10,000-$14,999	23.3	136	25.5	343
$15,000-$24,999	23.3	138	27.5	399
$25,000 or more	19.8	126	16.1	210
Average income	$15,939		$15,797	
Average income/CNIT	0.60		0.83	
PRIMARY SOURCE OF INCOME				
Employment	48.9	434	52.9	992
Pension	15.4	116	15.7	253
Welfare	23.2	213	22.5	386
UIC	10.5	84	4.5	99
Other	2.0	17	4.4	75
EDUCATION LEVEL				
Less than high school	50.9	397	32.5	552
High school & above	49.1	471	67.5	1,253

	INCIDENCE		INCIDENCE	
	%	n	%	n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	37.5	316	28.1	553
Child. 5-17 years	64.8	583	63.7	1,194
Adults 18-65 years	93.8	833	89.5	1,651
Seniors over 65 years	11.5	93	14.1	226
Disabled member in household	14.6	122	21.9	368
AT LEAST 1 PERSON WITH				
Full-time work	34.0	328	41.6	774
Part-time work	41.9	361	38.1	720
Owned house previously	39.2	290	28.0	474

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 4.28
HOUSEHOLD PROFILE BY LOCATION
RNH DEMONSTRATION PROGRAM

	REMOTE		NON-REMOTE	
	%	n	%	n
HOUSEHOLD SIZE				
1 person	3.7	2	7.1	4
2 persons	4.8	3	4.3	3
3 persons	24.6	15	16.9	12
4 persons	28.8	18	26.8	18
5 persons or more	38.1	26	44.9	31
Average no. of people in household	4.0		4.3	
HOUSEHOLD TYPE				
Single-person	3.7	2	7.1	4
Single-parent	9.5	6	19.1	14
Couple no children	3.3	2	1.2	1
Couple with children	68.7	44	59.5	41
Extended family	2.7	2	5.3	3
Other	12.1	8	7.8	5
INCOME LEVELS				
$0-$4,999	4.0	2	1.5	1
$5,000-$9,999	19.5	8	16.8	10
$10,000-$14,999	22.2	10	38.2	25
$15,000-$24,999	35.3	16	35.5	21
$25,000 or more	19.0	8	8.0	5
Average income	$17,255		$14,409	
Average income/CNIT	0.64		0.72	
PRIMARY SOURCE OF INCOME				
Employment	63.7	40	49.9	33
Pension	8.3	5	8.8	6
Welfare	16.3	11	32.6	23
UIC	9.8	7	7.5	5
Other	1.9	1	1.2	1
EDUCATION LEVEL				
Less than high school	42.7	28	29.7	20
High school & above	57.3	36	70.3	48
	INCIDENCE		**INCIDENCE**	
	%	n	%	n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	57.2	38	57.6	40
Child. 5-17 years	63.6	41	71.6	49
Adults 18-65 years	96.3	62	100.0	68
Seniors over 65 years	3.7	2	8.4	5
Disabled member in household	6.5	4	24.4	17
AT LEAST 1 PERSON WITH				
Full-time work	35.6	23	30.4	22
Part-time work	54.0	34	55.6	37
Owned house previously	44.0	28	45.7	28

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 4.29
HOUSEHOLD PROFILE BY LOCATION
ERP PROGRAM

	REMOTE		NON-REMOTE	
	%	n	%	n
HOUSEHOLD SIZE				
1 person	8.8	4	15.7	23
2 persons	10.8	5	21.8	31
3 persons	15.9	7	13.3	19
4 persons	29.9	12	18.3	26
5 persons or more	34.6	14	30.9	43
Average no. of people in household	4.4		3.5	
HOUSEHOLD TYPE				
Single-person	8.8	4	15.9	23
Single-parent	17.1	7	10.4	14
Couple no children	3.9	2	15.8	22
Couple with children	50.6	21	44.7	63
Extended family	4.9	2	6.9	9
Other	14.7	6	6.3	9
INCOME LEVELS				
$0-$4,999	9.5	3	6.3	6
$5,000-$9,999	12.4	3	31.7	32
$10,000-$14,999	25.5	7	30.8	31
$15,000-$24,999	31.4	8	18.7	18
$25,000 or more	21.2	6	12.5	12
Average income	$16,721		$13,360	
Average income/CNIT	0.49		0.65	
PRIMARY SOURCE OF INCOME				
Employment	74.6	32	46.0	64
Pension	7.7	3	29.2	43
Welfare	10.9	4	14.8	21
UIC	4.8	2	5.7	8
Other	2.0	1	4.3	6
EDUCATION LEVEL				
Less than high school	58.8	24	40.8	57
High school & above	41.2	19	59.2	83

	INCIDENCE		INCIDENCE	
	%	n	%	n
AGE GROUPS IN HOUSEHOLDS				
Child. under 5 years	26.8	11	22.4	31
Child. 5-17 years	64.3	27	48.3	68
Adults 18-65 years	98.1	42	88.2	125
Seniors over 65 years	9.6	4	21.4	31
Disabled member in household	9.8	4	22.8	34
AT LEAST 1 PERSON WITH				
Full-time work	43.4	19	31.2	42
Part-time work	47.4	21	44.9	64
Owned house previously	N/A		N/A	

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.

E. RNH Community Profile

This section presents a profile of RNH communities by selected social, demographic and economic characteristics as reported by resident spokespersons. Distinctions between provinces, rural/remote location and by size of community are also described. These findings are based on the RNH Community Representatives Survey.[1] A total of 1,000 communities were selected from the 2,411 communities with RNH housing. Part of the sample was non-random, and included all communities with 15 or more RNH units, all communities with RNH demonstration housing and with Homeownership Assistance (HAP) dwellings, plus all RNH locations in the Yukon and the Northwest Territories. This decision was made first to ensure a sufficiently large return sample to enable inferences about areas with fewer communities with RNH housing, that is, those primarily in northerly or remote locations. Secondly, because communities with many RNH housing units were also rare, those with over 15 were automatically chosen. A comparison of the population characteristics of communities from which replies were received to all RNH communities showed that those in the sample accurately represent the whole.

Up to three representatives were chosen per community, one from each of the categories of: elected leader, member of the clergy and Native spokesperson. A comparison of the number of responses per community showed that one response was received for 63.5 per cent of the communities, two responses came from 31.3 per cent of the communities and three responses were received from 5.2 per cent of the communities. Because of the possibility that more than one response was received for some communities, the replies from the group with the most number answering was selected to represent those communities. Therefore, tables referring to factual information are based on elected leaders' information. Tables reporting perceptions are based on all three groups' responses.

1. Location and Economic Features

Differences in local reception to the RNH programs may be attributable to variations in the social, demographic and economic situation between different sizes or locations of communities and between provinces. In this section, a profile of the locational and economic characteristics of communities with RNH housing has been constructed with the intent of establishing differences in their distribution by population

---

[1] A complete description of the survey method and response rates is provided in the report "Rural and Native Housing Programs, Program Actors Survey", the Coopers & Lybrand Consulting Group, July 1989.

size group and variations in their economic bases which affect the long-term viability of housing and other development.

Regarding the upper size limit for the RNH community comparisons, areas of 2,501 and over were included. There were several reasons why this was necessary. Although RNH assistance is restricted to communities of 2,500 population or less, because the programs have been in place since 1974, it is possible that a number of communities served in the earlier years have since grown to a population in excess of this threshold. In addition, program guidelines permit up to 10 per cent of a province's budget to be allocated to larger centres of up to 5,000 population.

As Table 4.30 shows, differences in community size ranges conform somewhat to an interprovincial pattern. The smallest communities coincide with more remote parts of the north and west, while larger RNH communities are characteristic of central and eastern Canada and British Columbia. The smallest communities are mainly in Saskatchewan, Manitoba and the Yukon and Northwest Territories, each claiming more than 25 per cent with 500 or fewer permanent residents. The Yukon and Newfoundland have the greatest percentage of RNH communities within the next largest size group, 501 to 1,000 persons. Quebec and Prince Edward Island each have over 25 per cent of their RNH communities in the 1,001 to 1,500 population range. As might be expected, the remaining Atlantic and Prairie provinces, as well as British Columbia, Ontario and Quebec have mainly the larger-sized communities with RNH housing. Nova Scotia, followed by Alberta, New Brunswick and British Columbia lead the country in the percentage of RNH communities with a current population which exceeds the 2,500 population size limit.

Regarding the services available in communities with RNH housing, between 39 and 63 per cent of the RNH communities had electricity, according to the community representatives responding to the survey. All except those with populations between 1,501 and 2,500 persons were equally well-served in terms of electricity. The lower incidence in the population category of 1,501 to 2,500 is likely more a result of sampling variation rather than any real difference. There were significant differences in the percentage incidence of communities having other services, however. The smallest communities were more likely to be not as well-serviced with fire protection, piped water (disallowing indoor plumbing for example), sewage treatment or by the professions of building inspections or land use planning which would support more supervised construction and organised housing development.

TABLE 4.30
LOCATION AND ECONOMIC FEATURES[1]
OF RNH COMMUNITIES
BY POPULATION SIZE GROUP

FEATURE	POPULATION SIZE GROUP 0-500 %	501-1,000 %	1,001-1,500 %	1,501-2,500 %	2,501 PLUS %	SAMPLE SIZE n
			DISTRIBUTION (%)			
PROVINCE/TERRITORY						
Newfoundland	14.3	39.9	22.9	22.9	0.0	35
P.E.I.	25.0	16.7	33.3	25.0	0.0	12
Nova Scotia	0.0	21.1	0.0	10.5	68.4	19
New Brunswick	4.9	22.0	22.0	19.5	31.6	41
Quebec	8.6	28.6	28.5	20.0	14.3	35
Ontario	15.9	22.7	15.9	25.0	20.5	44
Manitoba	29.2	33.3	8.3	12.5	16.7	24
Saskatchewan	48.4	21.9	14.1	7.8	7.8	64
Alberta	11.8	20.6	20.6	11.8	35.2	34
B.C.	3.6	17.9	14.3	35.7	28.5	28
N.W.T.	52.2	17.4	13.0	4.4	13.0	23
Yukon	50.0	50.0	0.0	0.0	0.0	2
Canada	21.1	24.3	17.5	17.2	19.9	361
			DISTRIBUTION (%)			
LOCATION						
Remote	30.8	25.6	21.8	12.8	9.0	78
Non-remote	18.4	23.9	16.3	18.4	23.0	283
			INCIDENCE (%)			
SERVICES						
Electricity	61.3	55.2	52.8	38.6	62.5	155
Fire protection	85.9	97.7	98.4	100.0	100.0	339
Bldg. insp.	49.0	73.3	89.3	90.9	98.6	248
Piped water	79.7	77.6	86.7	90.9	92.3	272
Sewage treatment	73.0	71.4	85.5	92.5	89.1	254
Land use Planning	67.2	84.6	93.1	98.3	95.7	283
			INCIDENCE (%)			
MAJOR SOURCES OF INCOME						
Comm/Retail	48.7	59.1	74.6	74.2	77.8	238
Unemployment	52.6	50.0	55.6	50.0	40.3	179
Welfare	47.4	42.0	52.9	43.5	41.7	163
Pensions	64.5	69.3	61.9	69.4	47.2	226
Hunt/Trapping	42.1	31.8	27.0	30.6	27.8	116
			INCIDENCE (%)			
EXTENT OF UNEMPLOYMENT						
"Major" problem	38.2	40.9	49.2	30.7	30.0	135
Remote	44.8	33.3	33.3	21.1	4.8	40
Non-remote	55.2	66.7	66.7	79.0	95.2	95
"Permanent" prob.	16.0	9.2	8.2	14.8	24.6	51
Remote	35.5	32.4	32.1	25.0	15.4	42
Non-remote	64.5	67.6	67.9	75.0	84.6	104

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Based on elected leaders' responses.

The percentage incidence of residents varied slightly by income source when comparing among community sizes. This suggests that the economies and ways residents earn their livelihood are similar among RNH communities. However, while the incidence of residents working in commercial or retail areas is close to 75 per cent or more within the size groups of 1,001 or higher population, the incidence is less than 60 per cent for smaller centres. The incidence of people working in hunting or trapping is higher for the smallest RNH communities. Unemployment is cited as a major source of income in about 50 per cent of the communities, although it drops to 40 per cent for communities with populations above 2,500. Welfare is cited as a major source of income in 40 to 50 per cent of the communities. Pensions are a major source of income for 60 to 70 per cent of the communities, with the one exception of communities above 2,500, where it is a major source in less than 50 per cent of the communities. A major distinction between communities above the 2,500 population threshold and the very smallest centres is that the larger group is more a part of the cash economy.

Associated with the finding about the similarity of major income sources among RNH communities is the evidence that unemployment was reported as being a major problem in at least 30 per cent of RNH communities in each size category. A higher percentage of non-remote communities have unemployment as a major or a permanent problem compared to remote areas, however. Residents in remote communities perceive unemployment as less of a problem, perhaps reflecting the greater emphasis on self-employment.

2. Housing Characteristics

In this section, the characteristics of housing markets in RNH communities are reviewed. Features described include: the need for repairs, household repairs and payment behaviour, housing costs, development limitations and views about the local housing market. For simplicity, where a number of related features are being compared, the rural/remote distinction is employed. Less detailed comparisons are reported by provincial breakdown.

An examination of the perceived need for repair of housing in remote versus non-remote RNH communities reported in Table 4.31 shows that conditions are worse in remote RNH communities. A large difference appears in the estimated percentage of homes requiring only maintenance and major repairs. The percentage of dwellings in remote RNH communities in need of major repairs is high at 31.2 per cent, compared to the 14.5 per cent of RNH housing in need of major repairs, as estimated by on-site inspections.

Housing problems are also significantly more of a concern in remote compared to non-remote communities as shown in Table

4.31. Among the indicators respondents were asked to consider, overcrowding, housing affordability and payment arrears were reported as being problems to a greater extent in remote communities with RNH housing. Poor maintenance was reported as a problem to the same extent in remote and non-remote communities.

TABLE 4.31
HOUSING STOCK CONDITION WITHIN RNH COMMUNITIES BY LOCATION

	LOCATION			
CHARACTERISTICS	REMOTE %[1]	TOTAL n	NON-REMOTE %[1]	TOTAL n
NEED FOR REPAIRS[2]				
Regular maintenance	40.0	80	51.7	272
Minor repairs	28.8	80	29.1	271
Major repairs	31.2	80	19.2	272
HOUSING PROBLEMS[2]				
Overcrowding	21.6	59	6.5	162
Poor maintenance	29.7	58	24.7	179
Affordability	25.4	51	16.9	142
Payment arrears	18.3	42	12.9	118

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Average percentages.
[2] Based on elected leaders' responses.

According to perceptions, elected leaders' purchase/selling prices are, on average, higher for homebuyers in non-remote versus remote communities. As shown in Table 4.32, although more than 60 per cent of RNH communities in non-remote areas have average sale prices of $50,000 or more, fewer than 50 per cent of remote areas have the same average prices. This sale price difference likely reflects the lower demand for ownership housing overall and the weaker resale market in remote communities in general.

In contrast, rents appear to be lower in non-remote RNH communities than in remote ones. Typically, rent levels are under $350 for a three-bedroom unit across the country, according to the Community Representatives Survey. But, while 15 per cent in non-remote communities generally pay over $500 for rent, over 23 per cent of elected leaders in remote RNH areas state average rents of $500 plus.

TABLE 4.32
ELECTED LEADERS' PERCEPTIONS OF AVERAGE SALES PRICES AND RENTS[1] IN RNH COMMUNITIES BY LOCATION

CHARACTERISTICS	LOCATION			
	REMOTE %	TOTAL n	NON-REMOTE %	TOTAL n
AVERAGE SALE PRICES				
Under $50,000	50.7	34	38.5	108
$50,000 - $74,999	28.4	19	40.4	113
$75,000 plus	20.9	14	21.1	59
AVERAGE RENTS				
Under $350	43.6	30	43.1	115
$350 - $499	33.3	23	41.9	112
$500 plus	23.1	16	15.0	40

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] 3-bedroom single-detached (Homeowner); 3-bedroom (Rental). Based on elected leaders' responses.

Table 4.33 shows average sales prices and average rents on a provincial/territorial basis and for Canada as a whole. Sales prices are believed to be below 75,000 in almost 80 per cent of the communities surveyed, while rents are believed to be below $500 per month in over 80 per cent of the communities surveyed. Sales prices and rents are higher in rural communities in Nova Scotia, Ontario, Alberta and the Northwest Territories than elsewhere.

TABLE 4.33
ELECTED LEADERS' PERCEPTIONS OF AVERAGE SALES PRICES AND RENTS[1] IN RNH COMMUNITIES BY REGION

	AVERAGE SALE PRICES				AVERAGE RENTS			
	UNDER $50,000	$50,000 74,999	$75,000 PLUS	TOTAL n	UNDER $350	$350-499	$500 PLUS	TOTAL n
CANADA	40.9	38.1	21.0	347	43.1	40.2	16.7	336
PROVINCE/REGION								
ATLANTIC	45.2	33.7	21.1	104	52.0	37.0	11.0	100
Newfoundland	90.6	6.3	3.1	32	71.9	25.0	3.1	32
P.E.I.	25.0	50.0	25.0	12	33.3	55.6	11.1	9
Nova Scotia	33.3	27.8	38.9	18	31.6	36.8	31.6	19
New Brunswick	21.4	52.4	26.2	42	50.0	42.5	7.5	40
QUEBEC	55.9	35.3	8.8	34	70.6	23.5	5.9	34
ONTARIO	28.3	32.6	39.1	46	25.6	51.1	23.3	43
PRAIRIE	46.6	39.2	14.2	12	42.8	42.0	15.2	112
Manitoba	60.9	26.1	13.0	23	33.3	52.4	14.3	21
Saskatchewan	54.9	40.3	4.8	62	61.4	36.8	1.8	57
Alberta	22.9	45.7	31.4	35	17.7	44.1	38.2	34
BRITISH COLUMBIA	25.0	64.3	10.7	28	25.9	51.9	22.2	27
TERRITORIES	0.0	33.3	66.7	15	15.0	35.0	50.0	20
N.W.T.	0.0	25.0	75.0	12	17.6	29.5	52.9	17
Yukon	-	-	-	3	-	-	-	3

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] 3-bedroom single-detached (Homeowner), 3-bedroom unit (Rental). Based on elected leaders' responses.
"-" indicates fewer than 5 observations.

In addition to asking community representatives about the services available locally, their assessment was sought regarding other major factors affecting housing development to determine whether any significant constraints exist and, if so, to confirm any provincial or regional trends (Table 4.34). Differences were found between provinces in terms of electrical services, water supply, serviced building lots and sewage treatment. A lack of serviced building lots was rated as a significant factor in limiting housing development in 45.5 per cent of RNH communities. The availability of serviced building lots was reported as an inhibiting influence

throughout the country with the exception of Saskatchewan, Alberta, and British Columbia. It appears to be the single most important constraint to development in RNH communities across the country. Water supply problems and the lack of sewage treatment was seen as a difficulty in Newfoundland, Quebec, and the Northwest Territories. Electrical power was viewed by respondents as a somewhat to very important factor in limiting housing development in Quebec, and the Northwest Territories. Overall, RNH communities particularly in Quebec and Newfoundland appear to be having a number of limitations in adding to their housing supply.

TABLE 4.34
TYPES OF HOUSING DEVELOPMENT LIMITATIONS[1] IN RNH COMMUNITIES BY PROVINCE AND TERRITORY

PROVINCE/ TERRITORY	ELECTRICAL SERVICES % (n=339)	WATER SUPPLY % (n=344)	SERVICED BLDG. LOTS % (n=345)	SEWAGE TREATMENT % (n=328)
Newfoundland	-	50.0	78.6	60.7
P.E.I.	-	-	63.6	-
Nova Scotia	-	31.3	61.1	33.3
New Brunswick	-	25.6	40.5	28.2
Quebec	36.7	60.6	76.5	75.9
Ontario	-	35.9	48.7	40.0
Manitoba	19.2	36.0	45.8	39.1
Saskatchewan	11.3	25.4	21.9	19.7
Alberta	-	-	31.7	-
British Columbia	-	-	14.3	-
N.W.T.	48.0	40.0	62.5	44.0
Yukon	-	-	-	-
CANADA	14.7	31.7	45.5	33.8

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Level 4 or 5 on 5-point scale i.e. somewhat to very important in limiting housing development capacity. Based on elected leaders' responses.
"-" refers to fewer than 5 observations.

The factor of land servicing was examined more closely along with subdivision requirements to determine their effects on housing development, specifically with respect to the number and cost of units (Table 4.35). For Canada as a whole, only about 20 per cent of elected leaders in RNH communities perceived there being severe restrictions on housing construction. The pace of new construction was seen as being negatively affected by more than 30 per cent of leaders in the

provinces of Newfoundland and the Northwest Territories, however. Problems in terms of negative impacts on the cost of new housing was prevalent, notably in Nova Scotia, and the Northwest Territories. It is evident then, that RNH communities in some provinces face significantly greater housing development challenges.

TABLE 4.35
LIMITATIONS OF LAND SERVICING/SUBDIVISION REQUIREMENTS ON LOCAL HOUSING CONSTRUCTION BY PROVINCE AND TERRITORY IN RNH COMMUNITIES

PROVINCE/ TERRITORY	LIMITATIONS ON HOUSING CONSTRUCTION[1]	
	NUMBER OF UNITS BUILT/YEAR %	COST OF UNITS CONSTRUCTED %
Newfoundland	30.4	22.7
Prince Edward Island	-	-
Nova Scotia	-	38.5
New Brunswick	-	-
Quebec	17.2	-
Ontario	-	21.2
Manitoba	-	23.8
Saskatchewan	22.0	26.0
Alberta	-	28.1
British Columbia	-	29.2
Northwest Territories	40.9	40.0
Yukon	-	-
CANADA	19.0	22.7

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Level 1 or 2 on 5-point scale where 1 means very negative and 2 means somewhat negative.
Based on elected leaders' responses.
"-" refers to fewer than 5 observations.

A final indicator of the character of housing markets in RNH communities is based on local opinion about costs, ease of finding help for repairs and sale prices, as well as perceptions on the outlook for the community as a whole (Table 4.36). Significant differences in viewpoints were found between remote and non-remote areas. Remote RNH communities appear to face higher housing costs and must contend with insufficient affordable housing at the same time. Regarding home upkeep, a minority of residents in remote and non-remote communities agreed that it was easy to get help with home repairs and maintenance although a lower percentage

of representatives in remote communities held this view than representatives in non-remote communities. This may be a factor contributing to the earlier finding that poor maintenance was a common problem. As well, most community representatives felt that resale prices were low, with fewer representatives in remote communities holding this view than in non-remote communities. Although a greater percentage of remote areas were reported to have housing cost-related problems, overall, a similar percentage of resident respondents felt they had a good future compared to those in non-remote communities.

TABLE 4.36
LOCAL VIEWS ABOUT THE HOUSING MARKET IN RNH COMMUNITIES

ATTITUDES	% OF REPRESENTATIVES IN AGREEMENT %	n
This community has a good future.		
Remote	78.3	137
Non-remote	72.3	466
There is enough affordable housing in this community.		
Remote	29.8	53
Non-remote	41.0	261
Housing costs a lot here.		
Remote	54.0	94
Non-remote	40.0	254
It is easy to get help with home repairs and maintenance.		
Remote	40.8	71
Non-remote	49.0	315
Homeowners can get a good price when they sell.		
Remote	40.9	63
Non-remote	47.2	296

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

3. Presence of Government-Assisted Housing

A third major feature investigated is the proportion of government-assisted housing as one indication of how well-served a community is compared to its needs for government assistance identified previously. It was found, as reported

in Table 4.37 that the percentage of new housing in RNH communities built or acquired with some type of government assistance was highest in provinces/territories with a higher percentage of small, more remote communities. These areas include: Newfoundland, Quebec, Manitoba, Saskatchewan, British Columbia and the Territories. Publicly-assisted home repair was more prevalent in the Atlantic region generally, Saskatchewan and the Territories.

TABLE 4.37
RNH COMMUNITY REPRESENTATIVES' PERCEPTIONS OF THE PERCENTAGE OF HOUSING BUILT OR REPAIRED WITH GOVERNMENT ASSISTANCE IN THEIR COMMUNITY

PROVINCE/ TERRITORY	MEDIAN PER CENT BUILT OR PURCHASED %	MEDIAN PER CENT REPAIRED %
Newfoundland	10.0	10.0
Prince Edward Island	5.0	17.5
Nova Scotia	6.0	20.0
New Brunswick	6.0	12.0
Quebec	10.0	10.0
Ontario	6.5	10.0
Manitoba	12.5	15.0
Saskatchewan	10.0	30.0
Alberta	5.0	5.0
British Columbia	10.0	10.0
Northwest Territories	45.5	50.0
Yukon	25.0	30.0

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

RNH housing was typically represented to a greater extent in the same provinces and territories as government-sponsored housing overall as reported in Table 4.38. The median percentage was higher in remote areas and smaller-sized centres also. The main distinction to be made between these two tables is that although the pattern of publicly-funded housing is the same by province/territory, the median percentages are significantly different. This difference may be accounted for by the presence of public housing and housing assisted under provincial programs in addition to RNH units.

It is also possible that community representatives perceive a much higher proportion of government-assisted housing than actually exists.

TABLE 4.38
PERCENTAGE OF HOUSING UNITS ASSISTED UNDER THE RNH PROGRAMS BY PROVINCE/TERRITORY, LOCATION AND POPULATION SIZE GROUP

CHARACTERISTICS	PER CENT OF RNH HOUSING[1]
PROVINCE/TERRITORY	
Newfoundland	4.1
Prince Edward Island	0.6
Nova Scotia	1.2
New Brunswick	2.0
Quebec	2.5
Ontario	3.4
Manitoba	4.6
Saskatchewan	4.1
Alberta	3.1
British Columbia	3.6
Northwest Territories	8.4
Yukon	7.1
LOCATION	
Remote	5.8
Non-remote	2.7
POPULATION SIZE GROUP	
0 - 500	4.7
501 - 1,000	4.6
1,001 - 1,500	3.4
1,501 - 2,500	3.0
2,501 plus	1.5

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Median percentage.

F. Summary

This chapter has attempted to evaluate the RNH programs' performance in delivering assistance to low-income households in need of housing assistance. A strict evaluation of objective achievement with respect to targeting to low-income households in housing need would necessitate examining their income and housing situation prior to entering the program which is beyond the scope of this evaluation.

Nevertheless, the evaluation is able to comment on the current characteristics of RNH clients. These can be compared to the characteristics of the population that is in need. If they are similar, then the "prima facie" evidence is that the programs have met their targeting objectives. If they are different, two possible explanations exist. Either the

programs were not well targeted in the first place, or the households have evolved significantly since entering the program.

It is clear that the RNH programs are serving more families (76 per cent) than are in the core need population (40.8 per cent). All of the other statistics, in particular income and household size, will be affected by this selection bias. Therefore, household type should be controlled in the comparison of core need and RNH population characteristics.

With respect to income, four measures were examined. First, the average incomes of RNH clients were compared to the average incomes of rural core need households. Then the percentages of RNH clients below the second income quintile limits, below Statistics Canada's Low Income Cutoffs, and below CMHC's Core Need Income Thresholds were measured. It was found that the average income of RNH clients was significantly above the average income of the rural core need population, even after household type is controlled. Ninety per cent of RNH clients are below the second income quintiles, 62 per cent are below Statistics Canada's Low Income Cutoffs, and 77 per cent are below CMHC's Core Need Income Thresholds.

Sixty-four per cent of RNH household heads have at least high school education, compared to 53 per cent of the rural core need population. Fifty-two per cent of the RNH population claim employment as their main source of income, compared to only 32 per cent of the rural core need population. These findings are further evidence that RNH households are better-off than the rural core need population as a whole.

With respect to household size, the average rural core need household has 2.4 members. This compares to the average size of the RNH population of 3.7. Even after household type is controlled, RNH households are larger than rural core need households.

Thirteen per cent of the RNH dwellings have one or more members over the age of 65. This compares to 26.3 per cent of rural core need households with one or more members who are over the age of 65.

The RNH population has a higher representation of Natives than the core need population. This follows Cabinet's directive that 50 per cent of program activity be targeted to Natives. The impact of Cabinet's directives is evident from the larger percentage of units going to Natives during the post-1985 period than during the preceding periods. The targets "per se" have not been met, although administrative data show a marked improvement between 1985, when 30 per cent of the units were targeted to Natives, and 1989, when 48 per cent of the units were targeted to Natives.

The characteristics of the Native households being served under the RNH program conform to the Native core need population, in that they tend to be families and their overall ages are lower than that of the non-Native core need population. In comparison with the non-Native households served under the programs, Native households are less likely to be singles or couples, are larger in size, rely more on welfare as a source of income, have lower educational achievements, are younger and have much lower real incomes.

Demonstration client households have slightly higher income-to-CNIT ratios, are larger, are less likely to be single-person and single-parent households, and are less likely to have senior members than are households of the Regular RNH programs.

Households in the Emergency Repair Program have slightly lower income-to-CNIT ratios and are slightly larger than Regular RNH households. There are no significant differences with respect to types of households served and number of elderly persons served between ERP and the Regular RNH programs.

The chapter concludes with a discussion of the characteristics of RNH communities. Smaller RNH communities are less a part of the cash economy compared to their larger counterparts. The incidence of residents in RNH localities in commercial or retail employment is higher, the larger the population of the centre. The percentage of those working in hunting or trapping occupations is greater in the smallest communities, that is, under 500 population. Unemployment is perceived as a greater problem and as more chronic in non-remote compared to remote areas.

Housing conditions, in terms of need for repairs and other requirements, were worse in remote RNH communities. Almost one-third of the housing in remote RNH localities is in need of major repairs, according to resident representatives. Crowding, affordability and payment arrears are other problems affecting 22, 25, and 18 per cent respectively of RNH communities in remote areas.

The cost of homeownership is greater in non-remote locations, however, it is more expensive to rent in remote RNH communities. House prices of over $50,000 are the norm in most RNH communities, except in remote areas. Although average rents for a three-bedroom unit are under $350 for most RNH communities, in over 20 per cent of remote RNH areas, typical rents exceed $500.

Lack of serviced building lots is the single most important constraint to developing housing in RNH communities. Among the four factors suggested, electrical services, water supply, serviced building lots and sewage treatment, serviced land was identified as a somewhat to very important limitation to

housing development by 45.5 per cent of elected leaders in RNH communities. One-third or less cited any of the other factors as important. Quebec and the Northwest Territories were the two areas where this problem was the most prevalent.

These community characteristics are generally consistent with the core need problem in rural areas, as portrayed by the HIFE and Census data - that is, adequacy is a significant problem in the community, being even more of a problem than affordability.

V HOUSING CONDITION IMPROVEMENT AND CLIENT SATISFACTION UNDER THE RNH PROGRAMS

This chapter will examine the types of housing and housing services provided, the characteristics of households that occupy these units, the client's perception of improvement in housing condition and client satisfaction. In addition to bivariate analysis, multivariate regression analysis will be used to identify the factors that contribute to client perception of improvement in living condition and satisfaction with their unit.

A. Dwelling Characteristics

In the following sections, a profile of the dwelling units included in the RNH portfolio is provided from information obtained through the Physical Condition Survey. Characteristics of the dwellings which are examined include type and layout, building envelope components and dwelling services.

1. Unit Type and Layout

For all programs, the predominant unit type is a single-detached bungalow. As shown in Table 5.1, some variation is evident including semi-detached RNH units (rentals in Manitoba and the Northwest Territories) and apartment units in small blocks in Quebec. Demonstration units are all singles with some bi-level, two-storey and split-level units. Almost six per cent of the Basic Shelter units are mobile units (on foundations), a type not used for the other programs. Some mobile units have been used for the Regular RNH program in 1988, but these were not included in the Physical Condition Survey sample for the evaluation. HAP units, all single-detached, are mostly bi-level or two-storey (an energy conserving form) with only one-third bungalows.

Roughly two-thirds of all units are located in organised subdivisions. About one-quarter are located along a public highway. Both these development types are typical of small rural communities. Demonstration units, as intended, are less likely to be located in organised areas and more likely to be isolated or in project clusters.

On average, units are about 90 square meters in size and contain three bedrooms and one bathroom. HAP units are slightly bigger, on average, both in area and bedroom count. Regular RNH units are slightly smaller on average but exhibit a large range in sizes reflecting the variety of designs used for Regular RNH units since the beginning of the program.

TABLE 5.1
CHARACTERISTICS OF RNH UNITS
BY PROGRAM

CHARACTERISTICS	ALL RNH % (n=3,359)	POST-85 RNH % (n=760)	DEMO % (n=149)	F/P BSP % (n=71)	F/T HAP % (n=88)
UNIT TYPE					
Single-detached	87.7	59.9	100.0	88.5	100.0
Semi-detached	5.3	13.4	0.0	1.5	0.0
Row	0.9	1.0	0.0	0.0	0.0
Mobile	0.0	0.1	0.0	5.8	0.0
Apartment	5.2	21.4	0.0	0.0	0.0
Other	0.9	4.2	0.0	4.2	0.0
UNIT LAYOUT					
Bungalow	72.9	55.9	88.1	75.7	33.0
Bi-level	14.8	15.0	2.1	4.6	9.1
Two-storey	4.8	12.5	1.5	10.4	57.9
Apartment	0.8	6.0	0.0	0.0	0.0
Other	6.7	10.6	8.3	9.3	0.0
UNIT SITING					
Isolated	2.2	3.8	15.4	0.0	1.1
Cluster	9.0	12.1	22.2	30.0	1.1
Subdivision	63.9	56.8	36.8	19.4	45.5
Road strip	24.9	27.3	25.6	50.6	52.3
UNIT SIZE (mean)					
Floor area (sq m)	90.0	85.9	93.0	105.3	110.8
Number of bedrooms	2.9	2.4	3.0	3.0	3.2
Number of bathrooms	1.1	1.1	1.0	1.1	1.0

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

2. Building Envelope

Table 5.2 shows characteristics of the building envelope including foundation type, presence of insulation and vapour barrier, and window type. The typical RNH unit has a full basement or crawl space, has fibreboard siding, is insulated and has double-glazed, horizontal sliding windows. Demonstration, HAP and Basic Shelter units are more likely to have crawl spaces (over pads for HAP) and have other siding (vinyl and wood for Demonstration, wood for HAP).

TABLE 5.2
RNH PORTFOLIO PROFILE - BUILDING ENVELOPE

CHARACTERISTICS	ALL RNH % (n=3,359)	POST-85 RNH % (n=760)	DEMO % (n=149)	F/P BSP % (n=71)	F/T HAP % (n=88)
FOUNDATION TYPE					
Full basement	75.0	51.3	43.2	57.0	2.3
Partial basement	2.8	9.4	4.3	6.2	1.1
Slab-on-grade	3.9	17.1	2.7	1.6	0.0
Crawl space	18.5	20.4	37.7	34.2	52.3
Pads	0.8	4.6	4.4	1.1	37.5
Other	1.7	8.2	9.0	1.1	54.6
EXTERIOR WALLS					
Masonry veneer	7.9	26.5	2.7	3.8	0.0
Wood siding	15.8	20.8	26.0	6.1	97.7
Fibreboard siding	44.2	15.4	21.8	22.7	0.0
Aluminium siding	15.1	16.7	3.4	5.8	0.0
Vinyl siding	18.9	26.7	38.1	62.7	0.0
Stucco	7.3	7.1	0.0	0.0	0.0
INSULATION					
Some basement insul.	92.7	91.7	84.7	70.6	100.0
Some wall insul.	99.2	99.9	98.2	96.9	100.0
Some roof insul.	99.5	99.9	100.0	100.0	100.0
VAPOUR BARRIER					
Basement	75.2	75.0	73.8	38.1	97.7
Wall	98.5	99.2	95.7	92.3	98.9
Roof	97.4	98.0	99.4	89.2	98.9
PREDOMINANT WINDOW TYPE					
Casement	28.6	38.6	20.1	10.7	88.6
Horizontal slider	60.1	52.0	64.4	60.5	0.0
Vertical slider	9.5	9.0	15.5	27.7	0.0
Fixed	1.8	0.3	0.0	1.1	11.4
Other	0.0	0.1	0.0	0.0	0.0
GLAZING					
Single	10.4	7.7	3.2	2.3	0.0
Double	72.9	69.6	83.0	97.7	36.4
Triple	16.7	22.7	13.8	0.0	63.6

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

3. Service

Table 5.3 shows the provision of services to the dwellings, including heat, telephone, water, sewage and electricity. Space heating is generally provided by electricity (42 per cent), wood (38 per cent) or oil (33 per cent). Natural gas is also used, where available, in one-fifth of Regular RNH units. Electricity is the predominant fuel for demonstration and Basic Shelter units (over 70 per cent), although over one-half of the demonstration units and 40 per cent of the Basic Shelter units use wood. HAP units are predominantly oil heated (86 per cent) with 44 per cent using wood. The table shows that many of the units use more than one fuel for heating. In the majority of these units heat is provided by separate appliances, for example, an oil furnace, electric baseboards or a woodstove. However, over thirty per cent of the units contain combination furnaces which are designed to use more than one fuel. These are found in 30 per cent of the Regular RNH units, 15 per cent of the Basic Shelter units, 11 per cent of the demonstration units and none of the HAP units.

Almost 90 per cent of all units have a telephone. Fewer demonstration and HAP units have telephone service particularly those in more isolated locations.

Over one-half of all units are connected to a municipal water system and one-third to wells. Demonstration and Basic Shelter units are more likely to use wells. Less than two per cent of all units have no source of running water. These are primarily demonstration units. Fourteen per cent of the demonstration units have no running water supplied directly to the units. Water, therefore, has to be drawn manually from wells. Thirteen per cent of the demonstration units use some other source, including drawing from the river or lake. Three-quarters of the HAP units use holding tanks, the only alternative in communities on permafrost without municipal systems. Eight per cent of demonstration units and 3 per cent of Regular RNH units use holding tanks, primarily in northern remote areas.

Over half the units are connected to a municipal sewage system and one-third use a septic system. Where these are not available or possible, holding tanks or pit privies are used. Demonstration units are less likely to be connected to a municipal system. Almost twenty per cent of these units relied on a pit privy. HAP units relied on holding tanks (73 per cent), the alternative to municipal or septic systems in the north.

TABLE 5.3
RNH PORTFOLIO PROFILE - SERVICES

CHARACTERISTICS	ALL RNH % (n=3,359)	POST-85 RNH % (n=760)	DEMO % (n=149)	F/P BSP % (n=71)	F/T HAP % (n=88)
SPACE HEATING FUELS[1]					
Oil	32.8	21.9	9.2	27.7	86.4
Wood	37.9	20.5	52.8	40.0	44.3
Electricity	41.9	63.2	71.2	73.4	2.3
Natural gas	22.8	14.2	3.7	0.0	0.0
Propane	0.6	0.2	0.7	0.0	0.0
Combination furnace	30.1	18.1	11.1	15.3	0.0
UNIT HAS A TELEPHONE					
Yes	88.0	89.8	73.0	96.2	73.9
WATER SUPPLY (SOURCE)					
None	1.5	0.0	13.9	0.0	2.3
Municipal system	59.9	52.7	27.3	21.5	20.5
Well	32.9	34.8	38.0	76.9	0.0
Holding tank	2.9	10.4	7.7	0.0	76.1
Other	2.8	2.1	13.1	1.6	1.1
SEWERAGE					
Septic system	36.6	39.6	45.7	80.4	4.6
Holding tank	3.1	10.8	6.6	1.6	72.7
Municipal system	55.5	48.7	24.1	18.0	20.5
Pit privy	3.8	0.3	18.7	0.0	1.1
Other	1.0	0.6	4.9	0.0	1.1
ELECTRICITY (SOURCE)					
Prov./Terr. network	97.1	87.8	79.3	100.0	12.5
Local generator	2.9	12.2	20.1	0.0	87.5

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Adds to more than 100 per cent because some units use more than one fuel, i.e. combination wood-oil furnace, furnace plus woodstove, etc.

B. Household Type and Unit Characteristics

The tables in this section capture the characteristics of households and the types of dwellings they occupy in each of the tenure options. Family type is a rough indicator of general household characteristics such as household size. In each table the data are broken down into four groups: 1) the total portfolio, 2) Native households, 3) remote households,

and 4) lower two quartiles of the income-to-CNIT ratio. This breakdown will provide further evidence if households in each of the groups have equal access to suitable and adequate housing.

Table 5.4 shows that more than 90 per cent of RNH homeowners (both Regular and demonstration/HAP clients) live in single-detached homes regardless of household type. The data for Native and remote groups show similar incidences.

There is more variation between household type and dwelling type among RNH renters. Single-person households and couples without children tend to occupy other dwelling types such as apartments, semi-detached, or row housing, whereas families, and other household types are more likely to be in single-detached dwellings.

TABLE 5.4
INCIDENCE OF SINGLE-DETACHED UNITS
BY HOUSEHOLD TYPES
(%)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	DEMON-STRATION	F/T HAP
TOTAL PORTFOLIO				
Single-person	96.3	7.0	-	-
Single-parent	97.7	60.2	100.0	-
Couple no children	99.6	21.5	-	-
Couple with children	99.5	65.5	100.0	100.0
Extended family	100.0	-	-	-
Other	97.7	67.4	-	-
NATIVE				
Single-person	98.2	0.0	-	-
Single-parent	99.1	56.2	-	-
Couple no children	100.0	31.3	-	-
Couple with children	99.3	62.0	100.0	100.0
Extended family	100.0	-	-	-
Other	94.2	72.3	-	-
REMOTE				
Single-person	100.0	1.7	-	-
Single-parent	98.7	50.4	-	-
Couple no children	100.0	27.5	-	-
Couple with children	99.8	62.7	100.0	100.0
Extended family	100.0	-	-	-
Other	100.0	78.0	-	-
LOWER TWO QUARTILES OF INCOME-TO-CNIT RATIO				
Single-person	91.2	8.0	-	-
Single-parent	97.6	54.4	-	-
Couple no children	98.6	36.3	-	-
Couple with children	99.8	53.8	100.0	-
Extended family	-	-	-	-
Other	96.7	70.1	-	-

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Table 5.5 on unit size by type of occupant shows that homeowner units (RNH Homeowner, HAP, and Demonstration) have on average more bedrooms. Rental units appear to have fewer bedrooms, even for single-parent families and couples with children. This explains in part the earlier findings that homeowner units are less crowded than the rental units. There is no significant change in the averages when they are disaggregated into Native households, remote households, and households situated in the lower two quartiles.

Comparing floor space between the homeowner and rental programs shows a similar finding to the comparison of bedrooms (Table 5.6). That is, rental households appear to be receiving less floor space than do homeowner households. The only exception appears to be single-parent renters who have more floor space than single-parent homeowners (except in remote areas).

Although the average number of bedrooms is related to family size (i.e. single-parent households and families with children have more space than single-person households), the average floor area shows slightly different trends. Single persons have as much or larger floor space than families in the RNH Homeowner programs. In contrast to the homeowner program, there appears to be a correspondence between family size and floor area in the rental program. That is, smaller households live in smaller units.

In sum, RNH homeowner units are likely too large for single-person and couple households, but are suitable for larger households. The data on rental occupants suggest that there may be crowding problems for larger households as overall, the average number of bedrooms is lower than homeowner units for similar household types, even though there is a correspondence between household size and floor area.

TABLE 5.5
AVERAGE NUMBER OF BEDROOMS BY HOUSEHOLD TYPES
(#)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	DEMON-STRATION	F/T HAP
TOTAL PORTFOLIO				
Single-person	3.0	1.1	-	-
Single-parent	3.0	2.6	3.0	-
Couple no children	3.0	1.6	-	-
Couple with children	3.1	2.7	3.1	3.2
Extended family	3.1	-	-	-
Other	3.1	2.6	-	-
NATIVE				
Single-person	2.9	1.2	-	-
Single-parent	3.0	2.6	-	-
Couple no children	2.9	1.9	-	-
Couple with children	3.0	2.7	3.2	3.2
Extended family	3.1	-	-	-
Other	3.0	2.7	-	-
REMOTE				
Single-person	2.8	1.1	-	-
Single-parent	3.1	2.5	-	-
Couple no children	2.9	1.8	-	-
Couple with children	3.1	2.6	3.2	3.2
Extended family	3.1	-	-	-
Other	2.9	2.6	-	-
LOWER TWO QUARTILES OF INCOME-TO-CNIT RATIO				
Single-person	2.9	1.2	-	-
Single-parent	3.0	2.6	-	-
Couple no children	2.9	2.0	-	-
Couple with children	3.2	2.7	3.3	-
Extended family	-	-	-	-
Other	3.1	3.1	-	-

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 5.6
AVERAGE FLOOR SIZE BY HOUSEHOLD TYPES
(SQ.M.)

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	DEMON-STRATION	F/T HAP
TOTAL PORTFOLIO				
Single-person	93.2	56.3	-	-
Single-parent	91.5	96.9	94.4	-
Couple no children	91.6	64.7	-	-
Couple with children	93.8	91.5	94.4	111.6
Extended family	96.1	-	-	-
Other	94.7	82.4	-	-
NATIVE				
Single-person	95.4	57.9	-	-
Single-parent	92.3	104.0	-	-
Couple no children	95.9	75.6	-	-
Couple with children	95.1	91.9	97.1	111.9
Extended family	99.2	-	-	-
Other	96.1	82.6	-	-
REMOTE				
Single-person	90.3	55.9	-	-
Single-parent	92.2	90.4	-	-
Couple no children	92.5	70.3	-	-
Couple with children	93.2	90.7	97.4	111.6
Extended family	94.4	-	-	-
Other	92.0	79.8	-	-
LOWER TWO QUARTILES OF INCOME-TO-CNIT RATIO				
Single-person	93.5	58.9	-	-
Single-parent	91.7	94.6	-	-
Couple no children	90.6	71.6	-	-
Couple with children	92.2	95.6	93.6	-
Extended family	-	-	-	-
Other	97.1	92.3	-	-

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Table 5.7 shows a majority of units in all programs have services such as water supply (via municipal system, well, holding tank, or other systems), and sewage system (septic, municipal, holding tank, or other). The incidence of full or partial basement is slightly lower due to climatic conditions in the north as exemplified by HAP units. Water and sewage systems are most common in HAP units, followed by RNH homeowner and renter, which have similar incidences, and then demonstration units. In all four groups of analysis, the ranking is similar.

There are lower incidences of Native households and households in rural areas who have services connected to their homes as compared to households in the total portfolio.

TABLE 5.7
INCIDENCE OF HOUSING SERVICES BY PROGRAM
(%)

	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	DEMON-STRATION	F/T HAP
WITH WATER SUPPLY				
Total portfolio	99.0	98.8	87.8	100.0
Native	97.3	97.4	80.9	100.0
Remote	94.8	97.4	87.7	100.0
Lower 2 quartiles	98.7	97.6	86.2	-
WITH SEWAGE SYSTEM				
Total portfolio	96.9	94.8	84.7	100.0
Native	91.6	91.4	77.5	100.0
Remote	85.4	89.7	81.3	100.0
Lower 2 quartiles	95.9	95.4	84.5	-
FULL/PARTIAL BASEMENT				
Total portfolio	86.8	38.4	48.7	4.2
Native	72.8	41.3	41.5	4.2
Remote	73.0	42.5	39.3	4.2
Lower 2 quartiles	80.9	46.8	54.6	-

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

C. Improvements in Living Conditions

As an overall indicator of the extent to which clients have been helped by the RNH programs, clients were asked to compare their current living situation with their situation before they received assistance under one of the program options and to assess the degree to which their living conditions had changed.

Over eighty per cent of households assisted under the programs assessed their living conditions as better (Table 5.8). By program type, over ninety per cent of households assisted under the HAP, Basic Shelter, RNH Demonstration and Lease-Purchase options reported their current living conditions as better than previously. In comparison, only 72.1 per cent of rental clients reported improved conditions.

Provincially, the proportion of clients who found their living conditions better ranged from a high of 95.9 per cent in Prince Edward Island to a low of 69.6 per cent in Quebec.

By location, 83.6 per cent of non-remote clients assessed their living conditions as better compared with 78.5 per cent in remote areas. Overall only 3.8 per cent of clients perceived their situation as worse as a result of the programs.

Of the Native households who responded 76.1 per cent reported improved living conditions. A slightly lower percentage of remote Native clients indicated improved conditions than non-remote Native clients.

TABLE 5.8
IMPROVEMENTS IN LIVING CONDITIONS[1]

	WORSE %	ABOUT THE SAME %	BETTER %	SAMPLE SIZE n
ALL PROGRAMS	3.8	13.8	82.4	2,962
PROGRAM				
RNH REGULAR	3.9	14.0	82.1	2,699
Homeowner	3.8	12.0	84.2	2,006
Lease-Purchase	0.0	6.8	93.2	80
Rental	4.7	23.2	72.1	613
RNH Demonstration	0.9	6.9	92.2	132
F/P BSP (N.B.)	0.0	6.5	93.5	59
F/T HAP (N.W.T.)	1.4	1.4	97.2	72
PROVINCE/TERRITORY				
Newfoundland	4.0	9.5	86.5	336
P.E.I.	0.0	4.1	95.9	49
Nova Scotia	2.8	8.0	89.2	216
New Brunswick	3.5	11.0	85.5	252
Quebec	5.3	25.1	69.6	237
Ontario	0.5	6.4	93.1	256
Manitoba	4.3	18.5	77.2	393
Saskatchewan	6.3	18.3	75.4	448
Alberta	2.6	15.5	81.9	329
British Columbia	6.2	20.7	73.1	226
N.W.T.	5.4	12.8	81.8	205
Yukon	-	-	-	15
LOCATION				
Remote	5.8	15.7	78.5	1,016
Non-remote	3.2	13.2	83.6	1,946
NATIVE	6.3	17.6	76.1	1,147
Remote	8.0	18.0	74.0	663
Non-remote	4.9	17.2	77.9	484

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] This is a 5-point scale from 1-Much worse, 3-About the same to 5-Much better. Worse = 1 or 2. Better = 4 or 5.
"-" indicates less than 20 cases.

Table 5.9 shows clients' assessment of the degree to which their living conditions had changed as a result of participation in the post-1985 programs. Overall 85 per cent of households assisted under the programs assessed their

living conditions as better. Only 2.8 per cent of households perceived their situation as worse as a result of the programs.

TABLE 5.9
IMPROVEMENTS IN LIVING CONDITIONS
POST-1985 PORTFOLIO

	WORSE %	ABOUT THE SAME %	BETTER %	SAMPLE SIZE n
ALL PROGRAMS	2.8	12.6	84.6	867
PROGRAM				
RNH REGULAR	3.2	14.2	82.6	604
Homeowner	1.4	8.0	90.6	258
Lease-Purchase	0.0	7.9	92.1	276
Rental	5.5	21.5	73.0	276
RNH Demonstration	0.9	6.9	92.2	132
F/P BSP (N.B.)	0.0	6.5	93.5	59
F/T HAP (N.W.T.)	1.4	1.4	97.2	72
PROVINCE/TERRITORY				
Newfoundland	0.0	6.6	93.4	38
P.E.I.	0.0	4.0	96.0	26
Nova Scotia	0.0	4.3	95.7	64
New Brunswick	1.2	4.4	94.4	122
Quebec	6.1	26.5	67.4	166
Ontario	0.3	8.7	91.0	92
Manitoba	2.1	11.2	86.7	65
Saskatchewan	-	-	-	18
Alberta	0.0	8.2	91.8	38
British Columbia	3.9	9.1	87.0	74
N.W.T.	5.0	10.2	84.8	154
Yukon	-	-	-	10
LOCATION				
Remote	3.4	13.8	82.8	339
Non-remote	2.5	11.9	85.6	528
NATIVE	3.8	9.7	86.5	386
Remote	4.4	11.0	84.6	253
Non-remote	2.9	7.7	89.4	133

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Table 5.10 compares ratings of living condition improvements by the various characteristics of the clients. It is clear that almost everyone participating in the RNH programs generally believes that their living conditions have improved regardless of past housing situations, current housing situation, and household characteristics. Those who did not previously own a home are slightly more likely to consider their living condition to have been improved. Current homeowners also believe their living conditions to have improved. Households which previously shared their house were no more likely to believe their living condition to have improved than the others. But those with a current crowding problem are less likely to believe this to be true. Households with an affordability problem and those with an arrears problem are less likely to believe their living conditions to have improved. One of the more marked differences is between those in units needing major repairs and others. Not surprisingly, the former are less likely to believe their conditions have improved. Native households and lower-income households are less inclined to believe their conditions have improved.

It is possible that different patterns would emerge if the various factors were controlled. For example, would a low-income, large household have a different response than a high-income, large household? One approach to reveal such relationships is to use regression analysis. This measures the relationship between the difference in the rating of living improvement and the difference in a specific factor such as household size, while keeping the effects of other possible influences constant. The results are reported in Appendix I to this chapter.

The amount of variation in the rating of improvement in living condition was not well explained (R^2=0.07). Nevertheless, it is evident that those who are currently experiencing housing problems such as crowding, affordability, major repairs and payment arrears are less likely to believe their living conditions have improved than others. Clients in Manitoba, Saskatchewan, Alberta, and British Columbia, are significantly more inclined to give lower ratings of living condition improvements than are clients in the control group (Ontario, Prince Edward Island, Yukon and Northwest Territories), while clients in New Brunswick are more likely to give a higher rating.

Previous tenure, current tenure, and previous crowding conditions appear to have little influence on client perceptions of improvement in condition. This is not to say that they did not improve their dwelling condition. Rather, they are no more nor no less inclined than others to report an improvement. Natives are no more likely than non-Natives to believe their living conditions have improved. Low-income households are no more likely than higher-income households to believe their living conditions have improved.

TABLE 5.10
COMPARISON OF PERCEPTIONS OF LIVING IMPROVEMENTS
BY VARIOUS FACTORS
AVERAGE RATING ON A SCALE FROM 1 - 5[1]

	MEAN	n
PAST HOUSING SITUATION		
OWNED BEFORE		
Yes	4.3	847
No	4.4	2,061
SHARED HOUSE BEFORE		
Yes	4.4	474
No	4.4	2,360
CURRENT HOUSING SITUATION		
CROWDING PROBLEM		
Yes	4.2	555
No	4.4	2,352
AFFORDABILITY PROBLEM		
Yes	4.4	1,006
No	4.5	1,073
MAJOR REPAIR PROBLEM		
Yes	4.1	341
No	4.4	2,572
ARREARS		
Yes	4.2	855
No	4.4	1,853
TENURE		
Own	4.4	2,229
Rent	4.2	684
HOUSEHOLD CHARACTERISTICS		
NATIVE HOUSEHOLD		
Yes	4.2	1,124
No	4.4	1,773
RATIO OF INCOME-TO-CNIT		
0 - .43	4.2	527
.44 - .61	4.4	516
.62 - .93	4.5	522
.94+	4.5	520
HOUSEHOLD SIZE		
1 - 2	4.3	688
3 - 4	4.4	1,280
5+	4.3	939

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] All programs except ERP are covered in this table.

D. Client Satisfaction

The final indicator employed to measure the success of the RNH program is the extent to which its clients are satisfied with the housing assistance received.

Concerning the features of the house, clients were asked if they were satisfied with the following: location of the house in the community; living space (such as size and number of rooms); design and layout; and amount of storage space (Table 5.11). Overall, households are most satisfied with the location of the house in the community (85.7 per cent) and least satisfied with the amount of storage space (66.4 per cent). Lease-purchase clients indicated a higher incidence of satisfaction on all categories than clients in other programs. This could be due to the newness of Lease-purchase units, given the relatively recent introduction of the program. It is also useful to note that HAP clients, more so than for any other program, are the least satisfied with their dwelling's storage space. Given that all HAP units are located in remote areas, the design of these units may be inappropriate for the accompanying lifestyle.

While satisfaction levels are generally high, nationally, lower levels of satisfaction with these features are found in New Brunswick, Saskatchewan, British Columbia, and the Northwest Territories. Households in non-remote areas are generally more satisfied than those in remote areas although the differences are not large. A higher proportion of non-remote Native households are satisfied than remote Native households, matching the trend for all RNH households.

Table 5.12 shows clients' responses to the question: "considering everything about your dwelling, including the nearby area, how satisfied are you with your home?" Regardless of program type, more than 85 per cent of households indicate overall satisfaction. Relatively more non-remote households are satisfied (89.5 per cent) than remote households (81.8 per cent). Saskatchewan has relatively fewer households who indicated overall satisfaction.

TABLE 5.11
SATISFACTION[1] WITH LOCATION, SPACE, DESIGN, AND STORAGE

	LOCATION SATISFIED %	LIVING SPACE SATISFIED %	DESIGN SATISFIED %	STORAGE SPACE SATISFIED %
ALL PROGRAMS	85.7	77.0	72.6	66.4
PROGRAM				
RNH REGULAR	85.6	77.0	72.4	66.5
Homeowner	86.2	76.1	70.9	66.0
Lease-Purchase	90.5	87.2	85.7	71.7
Rental	82.9	80.2	78.3	68.4
RNH Demonstration	88.6	82.2	80.6	74.3
F/P BSP (N.B.)	92.0	86.6	76.1	67.0
F/T HAP (N.W.T.)	90.3	70.8	76.4	51.4
PROVINCE/TERRITORY				
Newfoundland	91.2	78.0	76.7	80.8
P.E.I.	95.9	89.6	73.4	77.3
Nova Scotia	90.4	76.8	74.2	68.0
New Brunswick	80.7	78.2	73.4	71.4
Quebec	89.4	91.5	89.8	83.5
Ontario	86.2	83.5	77.7	72.0
Manitoba	86.9	76.9	71.2	61.6
Saskatchewan	81.1	69.8	62.5	55.6
Alberta	86.3	75.1	71.2	60.4
British Columbia	82.7	73.6	69.4	59.6
N.W.T.	82.0	69.7	70.8	53.2
Yukon	-	-	-	-
LOCATION				
Remote	80.5	71.0	69.4	65.7
Non-remote	87.3	78.8	73.5	66.7
NATIVE				
Remote	75.1	63.2	62.6	57.1
Non-remote	84.3	77.8	69.4	63.0

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Satisfied is a rating of 4 or 5 on a 5-point scale from 1-Very dissatisfied to 5-Very satisfied.
"-" indicates less than 20 cases.
See Appendix III to this chapter for sample sizes.

TABLE 5.12
OVERALL SATISFACTION[1] WITH DWELLING AND NEARBY AREA

	SATISFIED REMOTE %	SATISFIED NON-REMOTE %	SATISFIED ALL %
ALL PROGRAMS	81.8	89.5	87.7
PROGRAM			
RNH REGULAR	80.9	89.4	87.5
Homeowner	76.2	88.5	86.4
Lease-Purchase	-	97.4	96.3
Rental	88.7	94.9	92.2
RNH Demonstration	95.3	95.8	95.5
F/P BSP (N.B.)	N/A	87.4	87.4
F/T HAP (N.W.T.)	94.4	N/A	94.4
PROVINCE/TERRITORY			
Newfoundland	83.7	86.9	85.5
Prince Edward Island	N/A	95.8	95.8
Nova Scotia	N/A	88.3	88.3
New Brunswick	N/A	87.0	87.0
Quebec	99.4	94.1	97.0
Ontario	96.9	94.6	94.7
Manitoba	80.0	88.9	87.2
Saskatchewan	70.7	85.6	79.1
Alberta	92.0	91.1	91.2
British Columbia	62.8	89.3	87.1
N.W.T.	89.2	N/A	89.2
Yukon	-	N/A	-
ETHNICITY			
Native	76.8	85.1	81.4
Non-Native	88.8	90.6	90.4

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Satisfied is a rating of 3 or 4 on a 4-point scale from 1-Very dissatisfied to 4-Very satisfied.
"-" indicates less than 20 cases.
See Appendix III to this chapter for sample sizes.

Table 5.13 provides overall satisfaction levels for the post-1985 portfolio only. Considering the total number of post-1985 households, 93.2 per cent are satisfied with their home, higher than the level of satisfaction in the portfolio as a whole. This is expected because of the relative newness of the units. This trend is consistent between provinces, by program and ethnicity.

TABLE 5.13
OVERALL SATISFACTION WITH DWELLING AND NEARBY AREA
POST-1985 PORTFOLIO

	SATISFIED REMOTE %	SATISFIED NON-REMOTE %	SATISFIED ALL %
ALL PROGRAMS	94.2	92.6	93.2
PROGRAM			
RNH REGULAR	94.0	92.8	93.2
Homeowner	89.1	91.7	91.5
Lease-Purchase	-	96.9	95.7
Rental	94.7	94.7	94.7
RNH Demonstration	95.3	95.8	95.5
F/P BSP (N.B.)	N/A	87.4	87.4
F/T HAP (N.W.T.)	94.4	N/A	94.4
PROVINCE/TERRITORY			
Newfoundland	92.3	-	93.4
Prince Edward Island	N/A	96.0	96.0
Nova Scotia	N/A	100.0	100.0
New Brunswick	N/A	90.6	90.6
Quebec	99.3	94.0	96.9
Ontario	-	90.8	90.7
Manitoba	90.0	97.3	95.9
Saskatchewan	-	-	-
Alberta	-	91.4	91.8
British Columbia	-	89.5	89.3
N.W.T.	91.0	N/A	91.0
Yukon	-	N/A	-
ETHNICITY			
Native	91.9	92.9	92.3
Non-Native	98.7	92.5	93.7

SOURCE: RNH Client Survey and Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTES: "-" indicates less than 20 cases.
See Appendix III to this chapter for sample sizes.

As shown in Table 5.14, of those programs in place prior to 1986, a slightly lower percentage of clients reported being satisfied with their dwelling than those who live in newer units. Table 5.15 shows the same slight variation when compared by length of occupancy of RNH clients.

TABLE 5.14
OVERALL SATISFACTION BY YEAR OF COMMITMENT
PRE-1986 VERSUS POST-1985 PORTFOLIO

PROGRAM	SATISFIED PRE-1981 %	n	SATISFIED 1981-85 %	n	SATISFIED POST-1985 %	n
RNH REGULAR	83.5	1,041	90.0	1,011	93.2	595
Homeowner	83.1	882	88.9	832	91.5	254
Lease-Purchase	-	3	-	7	95.7	67
Rental	85.6	156	97.5	172	94.7	274
RNH Demonstration	N/A		N/A		95.5	131
F/P BSP (N.B.)	N/A		N/A		87.4	58
F/T HAP (N.W.T.)	N/A		N/A		94.4	71

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 5.15
OVERALL SATISFACTION BY LENGTH OF OCCUPANCY

PROGRAM	UNDER 3 YRS. %	3 TO 5 YRS. %	5 TO 10 YRS. %	10 YRS. PLUS %
RNH REGULAR	92.4	89.7	87.1	83.2
Homeowner	90.4	89.5	86.3	83.2
Lease-Purchase	94.7	-	N/A	N/A
Rental	94.7	90.4	94.5	83.2
RNH Demonstration	95.9	-	N/A	N/A
F/P BSP (N.B.)	91.4	-	-	-
F/T HAP (N.W.T.)	93.5	-	-	N/A

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: "-" indicates less than 20 cases.
See Appendix III to this chapter for sample sizes.

Table 5.16 compares ratings of overall satisfaction by the various characteristics of the clients. As with the views about dwelling condition improvements, those with current housing problems are less satisfied than the others. However, affordability appears to have less of an influence than does crowding or major repairs. Satisfaction levels are similar for owners and renters. Those that have been in their units for a long period of time are also less satisfied, while those who do not believe they could sell their house for the same price as they purchased it are less satisfied. Native

households, extremely low-income households, and large households are less satisfied than others.

Those involved in the design of their homes and those who most believe their living conditions have improved are the most satisfied. Those who are more satisfied with the design of the dwelling are more satisfied overall.

An assessment of how current housing characteristics affect client satisfaction showed households in single-detached units are less satisfied. Unit siting has little influence on client satisfaction. Clients in one-bedroom units and units with 50 square metres of space or less are more satisfied than those in larger units. Those who live in homes with exterior walls of masonry veneer are more satisfied than those in housing with other exterior finishes. The average satisfaction rating for homes with fixed windows is higher than other window types. Water and sewage connections also have an influence on the satisfaction level.

Regression analysis was applied to help establish an order of importance for the various factors influencing client satisfaction. Thirteen per cent of the variation was explained by the logistic regression (the results are reported in Appendix II to this chapter). A logistic regression estimates the relationship between a binary dependent variable and either linear or binary independent variables. The logistic regression estimates the probability of a household having the characteristic being described, in this case the probability that the household has a very high level of satisfaction (i.e. 4 on the level of satisfaction scale).

Client satisfaction is strongly and positively related to involvement in the design or construction of the unit. Those with affordability problems or occupying units in need of major repairs are less satisfied than others. Native households and households who have lived in their units a long time are less satisfied than others.

Previous housing tenure and crowding conditions have no significant influence on client satisfaction levels. Current suitability problems (that is, crowding) do not appear to influence satisfaction levels. Real income (i.e. income relative to the CNIT) has no influence on satisfaction levels.

In addition, the regression tested whether current housing characteristics impact on a client's satisfaction level. Placement of the unit on a road strip seems to increase satisfaction levels compared to placement in a cluster or in a suburb. Those who live in single-detached homes are less satisfied than those living in other housing types. The provision of a full basement increases satisfaction levels, as does the provision of extra bathrooms and the provision of a stucco exterior. The provision of more living area <u>decreases</u>

satisfaction levels, as does the provision of casement windows. The provision of combination furnaces also reduces satisfaction levels. Many other individual housing characteristics were found to have no influence on satisfaction levels.

TABLE 5.16
COMPARISON OF OVERALL SATISFACTION WITH DWELLING AND NEARBY AREA BY VARIOUS FACTORS
AVERAGE RATING ON A SCALE FROM 1 - 4[1]

	MEAN	n
CURRENT HOUSING SITUATION		
CROWDING PROBLEM		
Yes	3.1	544
No	3.4	2,312
AFFORDABILITY PROBLEM		
Yes	3.3	986
No	3.4	1,060
MAJOR REPAIR PROBLEM		
Yes	2.9	333
No	3.4	2,528
ARREARS PROBLEM		
Yes	3.0	830
No	3.4	1,828
TENURE		
Homeowner	3.3	2,191
Renter	3.4	670
INVOLVED IN DESIGN		
Yes	3.6	393
No	3.3	2,468
LIVING CONDITIONS IMPROVED		
Improved	3.4	2,345
Same	3.0	392
Worse	2.1	118
SATISFIED WITH		
Location	3.4	2,443
Space	3.4	2,202
Design	3.5	2,079
Storage space	3.4	1,884

TABLE 5.16 (CONT'D)

SELLING PRICE		
Much less	2.9	419
Same	3.3	494
Much more	3.6	701
HOUSEHOLD CHARACTERISTICS		
NATIVE HOUSEHOLD		
Yes	3.1	1,096
No	3.4	1,751
RATIO OF INCOME-TO-CNIT		
0 - .43	3.2	518
.44 - .61	3.4	508
.62 - .93	3.4	516
.94+	3.4	510
HOUSEHOLD SIZE		
1 - 2	3.5	680
3 - 4	3.3	1,257
5+	3.2	919
OCCUPANCY IN YEARS		
0 - 3	3.5	1,011
4 - 7	3.3	713
8+	3.2	850
CURRENT HOUSING CHARACTERISTICS		
UNIT TYPE		
Single-Detached	3.3	2,429
Semi-Detached	3.5	222
Row	3.6	25
Apartment	3.7	139
Other	3.5	41
UNIT LAYOUT		
Bungalow	3.3	2,007
Bi-level	3.4	481
Two-storey	3.4	172
Apartment	3.6	29
Other	3.6	172
UNIT SITING		
Isolated	3.3	88
Cluster	3.3	267
Subdivision	3.3	1,806
Road strip	3.4	700

TABLE 5.16 (CONT'D)

UNIT FLOOR AREA (sq.m.)		
0 - 50	3.5	82
>50 - 90	3.3	1,506
>=90	3.3	1,273
NUMBER OF BEDROOMS		
1	3.6	241
2	3.2	229
3	3.3	2,034
4	3.2	307
5+	3.2	50
NUMBER OF BATHROOMS		
0	3.0	73
1	3.3	2,523
2	3.4	246
EXTERIOR WALLS		
Masonry veneer	3.7	232
Wood siding	3.3	548
Fibreboard siding	3.2	1,197
Aluminium siding	3.5	339
Vinyl siding	3.4	611
Stucco	3.4	192
WINDOW TYPE		
Casement	3.3	863
Horizontal slider	3.3	1,671
Vertical slider	3.3	258
Fixed	3.6	69
WINDOW GLAZING		
Single	3.4	229
Double	3.3	2,135
Triple	3.3	497
COMBINATION FURNACE		
Yes	3.2	693
No	3.3	2,168
FOUNDATION TYPE		
Full basement	3.3	1,938
Partial basement	3.4	85
Slab-on-grade	3.6	101
Crawl space	3.2	655
Pads	3.2	71
Other	3.3	128

TABLE 5.16 (CONT'D)

SEWAGE SYSTEM		
Yes	3.3	2,723
No (Pit privy)	3.0	138
WATER SYSTEM		
Yes	3.3	2,816
No	2.9	45

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] All programs except ERP are covered in this table.

E. ERP Client Satisfaction

The measurement of client satisfaction has been analysed separately for ERP grant recipients because, unlike the supply-based RNH Regular Homeownership and Rental programs, a new dwelling is not produced. The existing home of the client is repaired to a very modest extent to improve its habitability. It would be reasonable to expect, therefore, that levels of satisfaction by the same four indicators of location, living space, storage space and design/layout would be lower compared to those for RNH Regular clients. Estimating the size of this presumed difference is the subject of this section.

Levels of satisfaction among ERP recipients are significantly lower than for the Regular RNH Homeowner program options (Table 5.17). Given the amount of assistance provided, however, it is surprising that satisfaction levels are as high as they are. Comparing the order of the indicators, both ERP and RNH Regular homeowners ranked the location of their dwellings as the most satisfactory. However, from there, the percentage of ERP clients satisfied with their unit's physical design, living space and amount of storage declines dramatically compared to RNH homeowners. These dwellings are especially deficient in terms of storage space, based on client reports. Differences in quality of dwellings in remote areas compared to non-remote are reflected in the significantly lower satisfaction ratings among ERP clients in remote areas.

TABLE 5.17
SATISFACTION WITH LOCATION, SPACE, DESIGN AND OVERALL SATISFACTION
ERP HOUSEHOLDS ONLY

	LOCATION SATISFIED % (n=200)	LIVING SPACE SATISFIED % (n=200)	DESIGN SATISFIED % (n=197)	STORAGE SPACE SATISFIED % (n=198)	OVERALL SATISFIED % (n=192)
ERP	72.5	49.3	51.3	33.4	66.9
Remote	69.8	41.9	46.5	22.3	62.8
Non-Remote	73.3	51.6	52.8	36.8	68.1
RNH REGULAR					
Homeowner	86.2	76.1	70.9	66.0	86.4

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

F. Summary

This chapter looks at the characteristics of the housing produced under the RNH programs, relates them to the types of households served, investigates occupant perceptions of living condition improvement and the key factors related to those perceptions, and investigates occupant satisfaction levels and the key factors related to client satisfaction levels.

All units are heated, most have a telephone, and most have electricity. Few units lack basic water and sewage facilities. It was found that the standard dwelling type under the RNH Homeowner program was a single-detached unit with 3 bedrooms and approximately 90 square metres of living space. This unit was supplied to all household types - singles, couples, small families and large families. Unit types and sizes were more tailored to household needs under the Rental program, with smaller households living in other than single-detached units, having fewer than 2 bedrooms and less than 75 square metres of living space, while larger families tended to be provided a single-detached unit with 3 bedrooms and ninety square metres of living area. However, the larger families in some rental households still tended to have smaller-sized houses than did their homeowner counterparts. This may help to explain earlier findings about homeowner units being less crowded than rental units.

Overall, RNH clients believe that they have greatly improved their living condition. Further, there is not a great deal of variation with perceptions of living improvement.

Nevertheless those who were less likely to agree that their living situation had improved were those in crowded dwellings, paying over 30 per cent of their income for shelter, and living in units needing major repairs. Clients in Manitoba, Saskatchewan, Alberta, and British Columbia tended to rate their living condition improvement lower than those in the control group (Ontario, Prince Edward Island, the Yukon and the Northwest Territories).

Client satisfaction levels are very high for the programs. Nevertheless, according to regression analysis, satisfaction levels are lower for those paying over 30 per cent for shelter or living in a substandard unit. Native households and households who have lived in their units for a long time are less satisfied. Those who have been involved in the design or construction of their unit are more likely to be satisfied. Most clients are indifferent regarding specific unit features with the possible exception of the number of bathrooms, stucco exteriors and the provision of a full basement which increase satisfaction levels. Location of the unit on a road strip increases satisfaction levels. The provision of casement windows, more living space, and combination furnaces seem to reduce satisfaction levels. Those living in single-detached units are also less satisfied than others.

VI EFFECTIVENESS OF RNH PROGRAM DELIVERY: THE TRIPARTITE MANAGEMENT PROCESS AND NATIVE INVOLVEMENT

The RNH programs aim to provide adequate, affordable, suitable housing of modest quality and cost to eligible clients and to encourage client involvement in program planning and delivery. The next two chapters describe how well the planning, delivery and administration mechanisms have worked which have been put in place to achieve these objectives.

As outlined in Chapter I, there are essentially three phases to delivery of the RNH programs. The first phase is program planning and monitoring. This is conducted by a Tripartite Management Committee in each province composed of representatives from CMHC, the Province, and a provincial Native organisation. The exception is the Northwest Territories, where no TMC has been established. The second phase is delivery, composed of community consultation; selection and counselling of clients; project development; and the sale/rent of the unit to the client. In most provinces, provincially-based Native groups undertake some of these delivery responsibilities on a fee-for-service basis (client selection, assisting in project development, and client counselling), with either CMHC or the Province undertaking responsibility for the balance of the delivery activities (CMHC or the Province, whichever is the Active Party, is responsible for project development in all cases). The exceptions are Nova Scotia and the Northwest Territories, where local non-profit groups perform many of the same responsibilities as Native groups in other provinces (Nova Scotia also has a provincial Native delivery organisation serving Native clients)[1]. The third phase is portfolio management, where homeowner mortgage and rental project administration is undertaken by either CMHC or the Province. In the case of rental projects, property managers may be hired to run the projects. In the Northwest Territories, Local Housing Associations/Authorities administer the rental projects.

In this chapter, Section A describes the extent to which the tripartite committee approach has been effective in involving RNH client representatives at the planning stage and in addressing housing needs. Section B is devoted to the review of the overall effectiveness of program promotion by Native groups, and the responsiveness of the delivery system to community needs. Section C presents an analysis of the training needs of Native Delivery Groups and the effectiveness of programs in place to meet those needs. The discussion of

---

[1] The survey of Delivery Groups done for the RNH Evaluation did not cover the local non-profit groups in Nova Scotia.

Native involvement in delivery is concluded with a review of CMHC's past experience with local housing groups.

A. Effectiveness of RNH Program Planning Methods

The Tripartite Management Committees recommend as part of the CMHC Three-Year Plan, delivery goals for the Native client component of the RNH programs in each province. In the Northwest Territories, in the absence of a Native delivery organisation, the territorial housing corporation has this responsibility in cooperation with CMHC.[1] Because representation is required from Native people in addition to the provincial housing authority and CMHC, the TMC's are a fundamental way of involving client spokespersons in decision-making.

The work of the TMC's involves three types of activities: establishing housing production and existing house acquisition targets by community and planning area, and by tenure within the terms of the F/P Operating Agreements; communicating the RNH programs to residents in the localities selected for assistance; and, formulating and monitoring the strategy for Delivery Groups to identify potential clients and assist, in selecting from among applicants, in building/acquiring housing and in arranging for occupancy. A key element of the Delivery Groups' work which is overseen by the TMC's is client counselling at each stage in the delivery process. The TMC's are to ensure the Groups undertake this function and that the effort is coordinated within each province.

It was agreed in 1985 that CMHC, the provincial/territorial governments where applicable, and the Native groups would be represented on the committees. The CMHC Provincial Director would chair TMC meetings. Meetings were originally to be held with representatives from each group on a monthly basis, although now in most provinces the TMC's meet quarterly.

The TMC's are evaluated from a number of perspectives in order to gain a balanced account of their effectiveness: views on TMC operations by both participants and RNH staff, and the achievement of program activity targets. Given that people tend to rate themselves higher when they are aware of being evaluated, TMC members with CMHC, the provinces and the Native Delivery Groups as well as RNH program officers were all asked about the effectiveness of the TMC's.

---

[1] Responsibility for the planning of the non-Native component rests with the CMHC/Provincial/Territorial Planning and Monitoring Committees (PMC's). The PMC's recommend the Annual and Three-Year Plans. CMHC and the Active Party approve the Three-Year Plans.

1. Member Views on TMC Effectiveness

The views of those who attend TMC meetings as well as their colleagues who assist in RNH program administration were sought on the effectiveness of the TMC's as planning forums. Key representatives from the Native Delivery Groups were personally interviewed and RNH program staff with CMHC and the provincial/territorial governments were mailed a questionnaire. A summary of the response rates by group is shown in Table 6.1. The level of response was highest and most consistent among the Native groups, followed by the provincial/territorial governments, then by CMHC. Responses were available from all three groups for each area where the program is cost-shared, except Alberta and the Northwest Territories. Therefore, there is a nationally representative basis on which to evaluate participant views of the TMC's as planning forums.

TMC participants as well as staff in their offices were asked to rank the effectiveness of the Committees regarding four aspects of their operations: frequency of meetings, representativeness of membership, adherence to guidelines and resultant improvements in RNH planning/coordination and delivery.

Nationally, a majority of those responding for the Native Delivery Groups and program staff with CMHC and the cost-sharing provinces rated themselves as being satisfied with the operation of the TMC's by these criteria. Dissatisfaction was localised, with respondents in only two provinces expressing this view. Representation of membership was a complaint common to two parties in one province. In the other province, adherence to mandate and improvements in planning/coordination/delivery were viewed as problems by all of the three respondent groups. The fact that TMC members agree with their level of effectiveness within each province demonstrates the internal validity of these results.

TABLE 6.1
PROGRAM ACTOR SURVEY RESPONSE RATES

PROVINCE/ TERRITORY	MAILED[1]				RECEIVED				RESPONSE RATE (%)		
	CMHC REP.	PROV. REP.[2]	DEL. GRPS.	TOTAL	CMHC REP.	PROV. REP.	DEL. GRPS.[3]	TOTAL	CMHC REP.	PROV. REP.	DEL. GRPS.
Newfoundland	1	15	6	22	1	13	3	17	100	87	50
Prince Edward Island	1	-	1	2	1	-	1	2	100	-	100
Nova Scotia	2	-	1	3	2	-	1	3	100	-	100
New Brunswick	4	9	1	14	2	6	1	9	50	67	100
Quebec	7	1	1	9	5	1	1	7	71	100	100
Ontario	13	7	1	21	7	2	1	10	54	29	100
Manitoba	1	6	1	8	1	3	1	5	100	50	100
Saskatchewan	3	3	N/A	6	3	1	N/A	4	100	33	N/A
Alberta	1	5	1	7	-	5	1	6	0	100	100
British Columbia	6	-	1	7	3	-	1	4	50	-	100
Northwest Territories	1	11	N/A	12	-	7	N/A	7	0	64	N/A
Yukon	1	-	1	2	1	-	1	2	100	-	100
CANADA	41	57	15	113	26	38	12	76	63	67	80

SOURCE: Program Actor Surveys, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Represents number of CMHC/provincial offices which were mailed a questionnaire; number of Delivery Group interviews attempted. Canada total includes Native Council of Canada.
[2] Mailed to cost-sharing provinces.
[3] One interview conducted by telephone.

Such problems as irregular meetings, long agendas and staff turnover were mentioned in the written comments of those who were dissatisfied with their TMC's operation. The concerns expressed about the level of discussion at TMC's were not consistent, however. One respondent suggested they focused too much on operational issues while another stated the discussions were not helpful for solving practical problems.

The issue of representation was also raised by delegates to the National Native Housing Workshop convened by CMHC in March 1990. As a further check on these reports, the minutes of TMC meetings held in each province in 1987 and 1988 were reviewed. It was found that in only four provinces, the CMHC Provincial Director or his/her equivalent, the General Manager, was not in regular attendance, although occasional attendance was not uncommon. Considering these findings, it is apparent that the absence of senior officials is not a significant problem.

The positive remarks which were submitted by those satisfied with their TMC's underscored the value of the TMC's in providing a forum for Native input and an openness for RNH plans' review as well as promoting cooperation among levels of government and with Native leaders.

Overall, based on the majority of TMC participant views, this forum works effectively in terms of: how often the group met, who was included in the meetings, how well guidelines were followed and the positive results which had occurred. There are problems, but they appear to be geographically concentrated indicating that they are unique to the TMC actors in those areas, rather than reflecting a flaw with the TMC arrangement.

2. Comparison Between Planned and Actual Activity and Related TMC Strategies

The TMC's have been established as the principal mechanism to ensure that RNH activity for Native clientele is planned, coordinated and delivered in accordance with each F/P Operating Agreement. The second method for estimating the effectiveness of the TMC's was through the examination of the achievement of the Three-Year Plan activity as described in the Social Housing Annual Review (SHAR) reports.

A review of the 1988 SHAR reports[1] supported the views of the Delivery Groups and government participants regarding the effectiveness of the TMC's in meeting their goals. Although actual RNH activity overall was less than the level planned in

---

[1] The 1988 documents were chosen for the analysis as they provided a direct comparison with the reference year for the Delivery Group Survey and RNH Government Staff Survey.

most of the provinces, in those cases where Native ethnicity of households was known, the 1988 Native delivery targets had been met or exceeded. It is important to note that these are "achievement" targets, set by the TMC's and are at a level which may be less than that specified in the F/P/T Operating Agreements. They were established to better reflect the capabilities of the provincial delivery network. But, there continues to be a commitment to the original targets over the long term by the TMC's.

The supporting narratives in the reports make reference to a number of strengths and weaknesses in the current planning, coordination and delivery approach which can be attributed to the TMC mechanism. In three provinces, the involvement of the Delivery Groups was reported as being helpful with respect to the achievement of planned activity especially in the areas of client counselling, arrears collection and consulting at the community level. Some delivery problems could not be attributed to the operation of the TMC such as ensuring the availability of serviced land. However, in this particular case, the same committee approach and involvement of the Native Delivery Group was decided upon as the best way to address the difficulty.

Together these observations suggested that, overall, the TMC approach has been a useful and effective manner in which to involve Native people in the planning, coordination and delivery of the RNH programs. Problems with the operation of the TMC's appeared to be localised and have not interfered with the achievement of their main objective, the provision of RNH-assisted housing to Native clientele. Later in the report the function of client counselling is considered as a final component of the analysis of how well the TMC's are meeting their mandate.

B. Effectiveness of RNH Delivery by Native Groups

The provincial Native organisations serve as representatives of Native and non-Native RNH housing occupants and those eligible for the programs in an official capacity as delivery agents.[1] Based on an agreement signed with the Active Party, the groups carry out a range of responsibilities. This section evaluates the effectiveness of RNH delivery by the Native Delivery Groups by analysing their record in program promotion, their financial viability, and by community representatives' knowledge and awareness of government housing programs as well as their level of satisfaction with the physical placement, appearance and size of RNH housing.

---

[1] Wherever possible, Native clients are to be served by a provincial Native Delivery Group, rather than the staff of the Active Party.

Several information sources are employed: the views of the Groups themselves, of residents and clients in RNH communities, and of program staff, and RNH program administrative records.

1. Program Promotion

Native Delivery Groups help the Active Party to inform residents in communities selected for RNH assistance about the objectives and operation of the programs by means of program promotion activities. The specific duties related to this function include: assisting in the development of community presentation materials, advising on ways to promote local reception of the programs and advising on the need for explanatory materials for use by the Groups, such as counselling handbooks, as well as ways to improve these aids and promotional efforts overall. There are two Delivery Groups whose agreements depart from these standard requirements: Manitoba and Alberta. In these cases, the agreements specify that the Groups' representatives are to undertake community need and demand surveys in conjunction with CMHC and provincial housing staff in municipalities outside of targeted areas.

The effectiveness of the Native Delivery Groups in promoting the RNH programs was estimated in two ways. First, Group representatives were asked about their preferred methods of promotion and about how effective they perceive themselves as being. Second, resident spokespersons' views about local awareness of government-funded housing in communities served by the RNH programs were considered.

The Groups were requested to identify the major ways in which they promoted the RNH programs and to assess their relative merits in terms of being effective in increasing awareness about the RNH programs at the community level. There were a range of activities named, varying from (most to least widely used): brochures and public/band council meetings, newsletters, the "moccasin telegraph" and newspaper ads/video on the programs/door-to-door surveys. Three Groups offered comments ranking the effectiveness of the methods they employed. One rated the avenues of using pamphlets, newspaper advertising or meetings as equally effective, while the second Group rated the "moccasin telegraph" as working the best. A third noted that adding graphics of a Native design to promotional material may be a way of increasing their ability to promote the programs among Native residents.

Delivery Groups were asked to rate the impact of their program promotion activities on: increasing community awareness about the RNH programs, increasing community acceptance of the programs and attracting eligible clients. Overall, two-thirds of the Groups felt they were effective in increasing local awareness and attracting eligible applicants. Less than

one-half, however, assessed themselves as having the same level of impact on community acceptance.

A second line of evidence, concerning the effectiveness of Native Group RNH program promotion activities, is the extent to which community representatives were aware of RNH-assisted housing in their community. As described in Chapter I, a survey was conducted among local elected leaders, local Native spokespersons and members of the local clergy to obtain a cross section of views in RNH communities about socio-economic conditions and attitudes toward government-assisted housing.

Community representatives were in agreement with the Delivery Groups concerning the level of awareness about government assistance for housing. For most communities, they reported that residents tended to be aware of the availability of government funding for housing. Over one-half of the community representatives surveyed stated that local people knew that government help was available to assist them in becoming homeowners, in subsidising rents and in repairing substandard housing. A slightly higher percentage of those in smaller RNH communities and of those living in remote locations were reported to be aware of government funding for housing, as shown in Table 6.2. On a provincial basis, only in Prince Edward Island and New Brunswick was there a lower percentage of communities knowledgeable about this funding. The highest percentage was found for the Northwest Territories. These results imply that promotional efforts of Native Delivery Groups alongside those of government in areas already receiving RNH assistance are having different levels of impact, depending on the size and location of communities.

TABLE 6.2
AWARENESS[1] OF THE AVAILABILITY OF GOVERNMENT HOUSING FUNDING

PROVINCE/ TERRITORY	INCIDENCE %	COMMUNITY SIZE	INCIDENCE %	LOCATION	INCIDENCE %
Newfoundland	57.2	0-500	56.8	Remote	57.4
P.E.I.	38.1	501-1,000	46.1	Non-remote	52.8
Nova Scotia	57.4	1,001-1,500	58.8		
New Brunswick	37.4	1,501-2,500	54.7		
Quebec	59.4	2,501 plus	49.0		
Ontario	52.3				
Manitoba	62.0				
Saskatchewan	61.8				
Alberta	44.9				
B.C.	44.7				
N.W.T.	66.7				
Yukon	45.5				
CANADA	53.8				

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Level 4 or 5 on 5-point scale where 5 refers to "very aware".

2. Financial Viability

The mainstay behind the delivery ability of RNH Delivery Groups, some of whom also assist in the planning of the RNH programs is the financial reimbursement for their work. Groups are paid on a fee-for-service basis for each RNH applicant accepted for assistance, for completing and reporting on their responsibilities for each of the three stages in the delivery process and for participating in Tripartite Management Committee meetings. At issue is the extent to which RNH Delivery Groups are currently financially viable. The analysis is based on a review of their responsibilities, revenue sources, and Group versus program staff views on the adequacy of RNH fees with reference to the Groups' level of activity, type, size and experience.

All of the Delivery Groups, with the exception of those serving in the provinces of Newfoundland, Ontario and Alberta,

assist in all three stages of the RNH delivery process.[1] One of the Newfoundland groups is responsible for Stages 2 and 3 only; the Ontario and Alberta groups undertake activities for Stages 1 and 3. Fees are calculated as a percentage of the capital cost limit or Maximum Unit Price (MUP) for RNH housing and have been set at a standard rate of 5 per cent, and 7 per cent in northern/remote areas of the delivery territory where applicable.[2]

Fees for Delivery Group participation in Tripartite Management Committee (TMC) meetings defray the cost of: travel and accommodation expenses, secretarial support and materials to prepare information required by the TMC, and other special initiatives such as surveys or research to support TMC activities.

The RNH Delivery Groups do not depend upon fee reimbursements for their financial viability as much as they do upon other sources of income. Three groups reported receiving other types of government loans or grants which constituted over 60 per cent of their annual revenue. In addition, as noted by the consultant who interviewed the organisations, the financial support from the groups' parent bodies is largely responsible for the provision of their capital requirements, such as office space and supplies.

Along with an examination of funding sources, Group representatives and federal and provincial/territorial RNH program staff were asked for their impressions of the adequacy of the fees by program (RNH vs ERP) and by stage of delivery. Of the ten Delivery Group representatives responding, only four assessed ERP fees as inadequate and only one had the same view about RNH fees. Only three out of the ten organisations felt agency fees for the RNH programs were inadequate when differentiating by stage in the process. Of the ten respondents offering additional comments, four had specific difficulties related to RNH fees: two recounted the problem that payment was "after the fact", a third related a concern about the slowness in parts of the delivery process, not controlled by them, resulting in delays in payment, and the fourth with the lack of correspondence between high travel distances and low (ERP) fees.

---

[1] Although no group was involved in RNH delivery in Saskatchewan at the time the data were collected and analysed for the evaluation, at the time of writing, a newly formed organisation, the Métis Society of Saskatchewan has commenced Stage I delivery in the province.

[2] Native Delivery Group Agreements, 1988.

When examining Group perceptions in terms of their level of activity and location within the country, it was generally those organisations with a lower unit allocation, coupled with a significant proportion of low-density population areas which reported the most dissatisfaction regarding the RNH fee amounts. This was supported by the interviewer's observation that the fewer the number of units delivered, the less cost-efficient was the administration of the Groups' activities. Group levels of activity in 1988 and delivery fees are summarised in Table 6.3.

A second line of evidence based on perceptions of Delivery Group financial viability comes from the survey of RNH program officers, both with CMHC and the provincial/territorial governments. The RNH government staff survey included three questions regarding Delivery Group finances: overall financial viability, adequacy of the Groups' level of activity and adequacy of agency fees by stage in the process.

A majority of program officers responding to the survey reported the overall financial viability of the Delivery Groups was "good". RNH staff with CMHC in two provinces and with the provincial housing agency in two different provinces reported the viability of the Group(s) in their area as "bad" or they were neutral on the subject. These conclusions match those of the Delivery Groups in three provinces. Only in one other province did the Group feel it was worse-off, financially, than did RNH program staff.

Comments provided by RNH government staff in the provinces, where both they and Delivery Groups reported financial viability problems, included the remark "poor financial management" the most frequently. Also cited was part-time staff as a reason for the difficulties.

When asked to rate the adequacy of Native Delivery Groups' level of activity by RNH program, a majority of RNH staff replied that activity levels were adequate for RNH Homeowner, Rental and Lease-Purchase programs but less so for the ERP program. Concerning the responses to the Homeowner level of activity question, only staff in four provinces felt Delivery Group fees were inadequate.

TABLE 6.3
COMPARISON OF LEVEL OF 1988 RNH ACTIVITY, FEES-FOR-SERVICE AND PERCENTAGE OF REMOTE COMMUNITIES IN AREAS SERVED BY NATIVE GROUPS

PROVINCE/ TERRITORY	NATIVE GROUP	AGENCY FEES	TMC FEES	1988 RNH ACTIVITY (UNITS)	REMOTE RNH COMMUNITIES %	n
Newfoundland	Federation of Newfoundland Indians					
	Bay St. George Indian Economic Dev. Corp	5% of MUP 7% of MUP in northern areas	$4,000 p.a.			
	Gander Bay Regional Band Council	5% of MUP 7% of MUP in northern areas	$4,000 p.a.	104	60.6	99
	Labrador Inuit Assoc.					
	Torngat Regional Hsg. Assoc (RRAP, ERP only)	5% of MUP 7% of MUP in northern areas	$4,000 p.a.		100.0	5
Prince Edward Island	Nanegkam Hsg. Corp.	5% of MUP	$4,240/mth ($50,880 p.a.)	20	0.0	0
Nova Scotia	Native Council of Nova Scotia	5% of MUP	$2,500/mth ($30,000 p.a.)	122	0.0	0
New Brunswick	New Brunswick Aboriginal Peoples' Council	5% of MUP for both RNH or BSP hsg.	$1,000/mth ($12,000 p.a.)	82	0.0	0
Quebec	Corp. Waskahegan	5% of MUP 7% of MUP in northern areas	$75,000 p.a	115	42.7	41
Ontario	Ontario Métis and Aboriginal Assoc.	5% of MUP 7% of MUP in northern areas	$6,250/mth ($75,000 p.a.)	274	2.4	8
Manitoba	Manitoba Métis Fed.	5% of MUP 7% of MUP in northern areas	$6,250/mth ($75,000 p.a.)	135	10.0	21
Saskatchewan	(No Native agent- 1986-1988)	-	-	119	9.6	25
Alberta	Métis Assoc. of Alberta	$43,750 p.a. (CMHC) $135,000 p.a. (Alta) (Sustaining grant)	$56,250 p.a.	196	8.5	16
British Columbia	B.C. Native Hsg. Corp.	5% of MUP 7% of MUP in northern areas	$6,250/mth ($75,000 p.a.)	82	7.9	12
N.W.T.	(No Native agents, as per F/T Agreement)	-	-	N/A	100.0	7
Yukon	Council for Yukon Indians	5% of MUP 7% of MUP in northern areas	$6,250/mth ($75,000 p.a.)	7	89.3	50

SOURCE: RNH Delivery Group Agreements, 1988 Social Housing Annual Reviews, CMHC; RNH Program Administrative Database, Program Evaluation Division, CMHC, 1989.

Regarding the adequacy of Delivery Group rental activity levels, the same disagreement among program officers appeared by province as per homeowner activity. As well, in an additional province, program officers rated Delivery Group rental activity as "not at all" adequate for financial viability. Regarding RNH staff views about the adequacy of RNH lease-purchase activity levels, there was much more of a consensus, at least among CMHC staff that levels were adequate. On the provincial side, staff rated the lease-purchase activity level as inadequate, the same rating as they gave homeowner activity in that province. In contrast, while CMHC staff evaluated RNH activity as adequate and most provinces were more pessimistic, the opposite was true for the ERP program. Out of six provinces where replies from CMHC staff were received, three were rated as having ERP activity which was inadequate for financial viability. Provincial government housing staff were less in agreement, however, and assessed ERP activity as ranging from inadequate to adequate.

The last indicator of financial viability concerned the adequacy of agency fees by stage in the process. In addition to the adequate/inadequate rating, program staff were asked to consider whether fees were "more than" adequate. Overall, only CMHC staff assessed fees as being more than sufficient. A majority of officers in three provinces rated fees for all three stages in this way. Staff in one-half of the provinces, however, rated delivery fees as inadequate, regardless of the stage.

In sum, it was found that although the Native Delivery Groups provide services for all three stages of RNH delivery, the reimbursement they receive through program fees, represents in many cases, a small proportion of their total revenue source. Dissatisfaction was common among Delivery Groups and program staff alike regarding the adequacy of ERP fees, but there was less agreement with respect to RNH fees.

It appeared that a low unit allocation coupled with the requirement to serve a high proportion of distant and less populated communities contributed to the perception about the inadequacy of RNH fees across the country.

A comparison of program officer views on Delivery Group viability, adequacy of activity and of fees, was somewhat less positive compared to those of the Native organisations. Financial viability appeared to be a problem restricted to three provinces. Activity levels, in addition to fee rates, were seen as too low for ERP, in general. Regarding RNH delivery fees, reactions were evenly split: about one-third felt fees were adequate while the remainder were evenly divided between being satisfied versus dissatisfied about the financial reimbursement accorded Delivery Groups.

3. Responsiveness of Delivery Groups

As representatives of current and potential clients of the RNH programs, Native Delivery Groups are to consider the needs and priorities of local residents in their RNH planning, coordination and administration activities. In order to evaluate the effectiveness of these organisations in this regard, the extent to which the Delivery Groups report undertaking community consultations is compared to local residents' accounts of meetings being held by housing Delivery Groups for information purposes versus for client selection and/or counselling.

The measure of the responsiveness of Delivery Groups to the clients and communities they serve is based on the extent to which the organisations have met with local residents to discuss their housing needs and priorities. The Groups themselves as well as RNH program staff were asked to comment on the extent to which consultations occur and whether they felt these contacts have made any difference in community reception toward the RNH programs. In turn, community representatives' reporting of local meetings and awareness of the programs are compared to examine whether there is a similar trend by province/territory in their views.

Most of the Native Delivery Groups reported they usually consulted with local residents and/or elected representatives in the communities they served, and assessed themselves as having been generally responsive to area needs and concerns about housing. Regardless of their record of consulting locally, however, most of the Groups maintained that they planned their RNH activity such that the priorities of residents were considered. Overall, the Native organisations viewed local residents, both political leaders as well as neighbours of RNH clients, as having been supportive of the programs. It was more difficult, however, for the representatives of the Groups to ascertain the influence on local attitudes toward RNH assistance of involving area elected leaders. At best, most of the Groups who answered the question rated elected representatives' involvement as having had a somewhat positive influence on local reception to the programs.

Where extensive consultations between Delivery Groups and local officials had occurred, however, three factors appeared to coincide with this approach having been adopted. First, local networks of elected representatives or of key contacts existed which made it easier to tap local opinion. Second, the level of RNH activity in those provinces was relatively high, making it financially possible to conduct individual community level discussions. Third, the percentage of Natives within the population of the provinces was relatively great, also making it more worthwhile to visit areas to ensure delivery targets were met.

In contrast to how the groups responded concerning their consultation coverage of local areas, only a minority of representatives stated that meetings with Delivery Groups took place once or more than once in the past year. There was significant variation by province in the extent to which Delivery Groups consulted with local residents, whether it was for information purposes, for selecting clients or for counselling. The percentage of residents reporting information meetings being held in 1988/89 was 30 per cent or more in all provinces except Newfoundland, Prince Edward Island and Alberta, as shown in Table 6.4. The rate was especially high in the Northwest Territories, followed by Quebec. The ranking of each province remained quite consistent regarding the percentage of respondents reporting meetings for selecting or counselling clients in the same 12-month period. The greater level of consultation occurs in the same provinces where residents report being aware of government involvement to a greater extent.

TABLE 6.4
EXTENT OF LOCAL CONSULTATION BY HOUSING DELIVERY GROUPS IN 1988/89 BY PROVINCE/TERRITORY

	TYPES OF MEETINGS HELD ONCE OR MORE THAN ONCE (PERCENTAGE OF COMMUNITY REPRESENTATIVES)		
PROVINCE/ TERRITORY	**INFORMATION %**	**CLIENT SELECTION %**	**CLIENT COUNSELLING %**
Newfoundland	11.4	18.8	13.3
P.E.I.	21.4	23.1	7.7
Nova Scotia	30.0	30.4	27.3
New Brunswick	44.2	54.1	50.0
Quebec	47.1	71.0	69.0
Ontario	36.6	31.7	31.6
Manitoba	40.0	46.0	35.3
Saskatchewan	42.2	35.4	30.3
Alberta	25.9	15.0	19.1
B.C.	43.3	44.4	33.3
N.W.T.	96.8	92.9	88.0
Yukon	-	-	-
CANADA	40.5	42.0	36.6

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" refers to fewer than 20 respondents.

From the point of view of government RNH staff, the Groups merited a rating of fair to good, that is level 2 or 3 on a 4-point scale where 4 is excellent, in responding to the housing needs and priorities of local communities.

Comparisons between staff with the Active Party to those not having direct delivery responsibilities showed federal and provincial RNH employees in overall agreement about these ratings, except in two provinces. In both of these cases, provincial staff were more complimentary about the responsiveness of the Native Delivery Group than were CMHC program staff.

In sum, the Native Delivery Groups and RNH program staff rate the organisations as being generally responsive to local needs and concerns about housing. Local residents, however, regard the community consultation record of the groups as uneven. There has been greater consultation by Native groups in Quebec and the Northwest Territories, as reported in Table 6.4.

Community representatives were asked how frequently Delivery Groups or government staff consulted with them in advance of housing program funding decisions being made which affected their locality. A rating of having been contacted often or always prior to an expenditure decision being made would indicate a high degree of responsiveness by the Groups/government to area needs and concerns. It was found that, as shown in Table 6.5, consultation was lowest among members of the clergy but about equal for elected leaders and Native representatives at 35 and 36 per cent respectively stating they had been contacted often or always prior to housing funding decisions being made. Local discussions between elected leaders and either or both the Delivery Groups and government staff were the most common, with a total of five provinces/territories having more than one-third reporting a high level of consultation. The rate was similarly high for Natives in a total of four provinces. In the Northwest Territories, over one-half of both elected leaders and Native spokespersons were contacted on a regular basis.

TABLE 6.5
EXTENT OF CONSULTATION WITH LOCAL RESIDENTS
BY HOUSING DELIVERY GROUPS OR THE GOVERNMENT
BY PROVINCE/TERRITORY

	OFTEN OR ALWAYS CONSULTED PRIOR TO FUNDING[1]					
	ELECTED LEADERS		NATIVE REPS		LOCAL CLERGY	
PROVINCE TERRITORY	%	n	%	n	%	n
Newfoundland	23.1	39	33.0	3	0.0	16
P.E.I.	0.0	7	-	0	37.5	8
Nova Scotia	40.0	15	-	4	23.5	17
New Brunswick	26.5	34	60.0	5	29.0	31
Quebec	25.8	31	33.0	6	0.0	13
Ontario	43.2	44	0.0	5	22.6	53
Manitoba	12.5	32	22.0	9	10.5	19
Saskatchewan	46.4	84	-	1	0.0	20
Alberta	29.0	31	-	2	22.0	9
British Columbia	40.0	25	-	4	14.3	14
N.W.T.	54.2	24	83.3	6	11.1	9
Yukon	-	3	-	0	50.0	6
CANADA	34.7	369	35.6	45	17.7	215

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Level 3 or 4 on 4-point scale where 1 means never consulted and 4 means always consulted.
"-" refers to fewer than 5 cases.

Because there have been reports of negative reactions among neighbours to the occupants of RNH housing it was decided to survey local residents and determine the nature and extent of perceptions about government-assisted housing. Local leaders, Native spokespersons and members of the clergy were asked how much the neighbours of those who were helped were in favour of government-assisted housing (Table 6.6). Ontario, Manitoba, Alberta and British Columbia were the only provinces where less than 50 per cent of respondents felt that neighbours of RNH-assisted households were either neutral or did not favour government-assisted housing. Support was highest among Quebec and Northwest Territories respondents. These results show that regardless of the level of consultation with communities, government subsidies for housing is generally accepted throughout the country.

TABLE 6.6
LOCAL RECEPTION TOWARDS GOVERNMENT-ASSISTED HOUSING DEVELOPMENT BY PROVINCE/TERRITORY

PROVINCE/TERRITORY	SOMEWHAT TO VERY MUCH IN FAVOUR[1] % OF RESPONDENTS[2]	n
Newfoundland	54.2	48
Prince Edward Island	62.5	16
Nova Scotia	62.2	37
New Brunswick	51.6	64
Quebec	66.0	53
Ontario	45.7	105
Manitoba	39.6	53
Saskatchewan	56.6	113
Alberta	39.4	33
British Columbia	38.1	42
Northwest Territories	82.4	34
Yukon	-	4
CANADA	53.0	602

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: 1 Level 4 or 5 on 5-point scale.
2 Views of representatives about the neighbours of those assisted.

4. Community Satisfaction with Government-Assisted Housing

The final factor in assessing the effectiveness of the TMC's was the level of residents' satisfaction with physical aspects of RNH housing. A positive local reception to government-assisted housing is an indication of how well RNH housing has been integrated within the local community. There were three indicators: placement, appearance and size of units. Of the three, Agent decision-making plays the strongest role in the placement of units. Standard architectural designs and CMHC capital cost limits generally control unit appearance and size, although Delivery Groups can advise clients about becoming involved in their unit's design and construction. As summarised in Table 6.7, community representatives assessed local residents as being satisfied to the greatest extent with the physical appearance and size of units. This suggests that the physical appearance and size of housing is appropriate within the municipality. The placement of units was found to be satisfactory with significantly fewer respondents although a majority still were in favour of where units were built or otherwise provided.

TABLE 6.7
SATISFACTION WITH THE DELIVERY OF RNH HOUSING WITHIN COMMUNITIES

DELIVERY INDICATOR	% OF COMMUNITY REPRESENTATIVES EXPRESSING SATISFACTION[1]	
	%	n
Placement of units	53.7	312
Appearance of units	62.8	372
Size of units	61.1	350

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Level 4 or 5 on 5-point scale: "somewhat" to "very satisfied".

Open-ended comments were requested from respondents about publicly-funded housing and housing needs and conditions. There were five main concerns. Two of the most frequently mentioned problems were a shortage of affordable housing and the need for housing especially among the elderly and seniors living alone. The three other concerns were related to local involvement and awareness: lack of resident awareness about government housing programs was seen as a problem. At the same time, greater involvement by both residents and elected representatives in the planning for RNH program delivery was viewed as desirable. Together these reactions suggest a recognition of the value of continued government involvement in rural communities and an emphasis on resident consultation as a prerequisite in support of obtaining publicly-assisted housing.

C. Support For Increasing Delivery Group Involvement and Skills

In order to promote the participation of Native people in the delivery and administration of the RNH programs, funds have been made available to strengthen the organisational capacity and develop the human resources necessary for effective participation by Native groups. Assistance to delivery organisations has consisted of operating grants and partially forgivable loans for project development. Furthermore, there have been three types of funding to enhance the skills of Native people involved in housing delivery and administration: the Native Cadre program, the RNH Secondment program and the RNH Client Training program.

The next section examines the extent to which there still exists a requirement for training and for staff development in order to support the effective involvement of Native people in RNH delivery and management functions. The analysis considers

the views of a number of key actors (Delivery Group spokespeople, LHA managers, current and former RNH Secondants and RNH program officers) in order to identify delivery-related concerns or problems which remain to be addressed via continued training.

1. Delivery Group Training Needs

In quantifying the need for training support programs for the Delivery Groups, the suitability of the number and skills of staff for undertaking the responsibilities of the organisations are examined. There are three distinct phases to the RNH delivery process: 1) approval/commitment, that is, determining the eligibility of local residents by meeting and discussing their housing needs with them and helping those who qualify to apply, 2) unit construction/acquisition, which includes the arrangements for constructing/acquiring housing and advising clients on their contribution to completing the dwelling, and 3) post-completion/occupancy, meeting again with the client to explain home maintenance and shelter payment responsibilities at the time they take residency and twice subsequently on a follow-up basis, at 6 and 12-month intervals. Property administration is a separate responsibility undertaken by some Delivery Groups where there are RNH rental and/or lease-purchase units. Although only two groups indicated having a contractual agreement for property management, six reported having related payment or maintenance counselling responsibilities. The two groups reporting rental property management responsibilities were the Nanegkam Housing Corporation in Prince Edward Island and Corporation Waskahegan in Quebec.

Virtually all of the groups have the responsibility for most Stage I activities, with most indicating they undertake only the client counselling aspect of Stages II and III. Their work requires administrative and record keeping abilities as well as a sound knowledge of, not only RNH program guidelines but house construction and repair, and, interpersonal communication and counselling skills. In order to estimate training needs, two indicators were employed: the composition of the group in terms of the staff's functions, and the extent that staff had relevant skills. The groups provided information on the size of their organisations as well as general remarks about how well equipped they felt they were to carry out their responsibilities in terms of numbers and abilities of employees.

Typically, the groups have 3 to 10 persons on staff which usually includes a Housing Director, a secretary/clerk, a program coordinator and a housing development officer. Two groups indicated having a full-time counsellor position. Three groups reported having more than one office.

Almost all of the groups who were interviewed felt that their staff were sufficiently skilled to undertake their RNH program delivery work. However, there were a number of areas where the groups reported the need for continued assistance, including the upgrading of staff skills and for training in operations planning and budgeting, and RNH program promotion.

A common request was for better financial (mortgage-related) and client counselling education. The groups felt they were slightly less effective in promoting community acceptance of the RNH programs, compared to increasing local awareness and attracting eligible clients. Although their requests for funding were met, improvements were also desirable in the variety of courses available and in timing program-related training to better coincide with administrative changes to the RNH programs.

In the area of internal operations, groups mentioned two improvements to the planning and budgeting process which were training-related. One suggestion was to standardise the information provided to the groups on the process. A second recommendation was to inform the groups in advance as much as possible about budget or program planning changes.

Although not specifically mentioned in the interviews as a training concern, it is reasonable to expect that a minimum level of ongoing training is required for the Delivery Groups as staff changes occur or when there are RNH program changes.

Two independent viewpoints were considered in estimating the continuing need for training among RNH Delivery Groups. They were those of RNH government staff who administered the programs and professionals seconded by CMHC to assist the groups temporarily. Both sources were asked to identify in which areas they had provided training for Delivery Groups and for their assessment of the level of knowledge and skill of the groups in those subjects. RNH staff were queried about the current abilities of the organisations while secondees were asked to make a before/after judgement to provide a measure of the improvement in expertise as a result of their assistance.

When evaluating the current knowledge and skill levels of the groups, over one-half of RNH staff respondents assessed a need for further training in program operations, and financial and personnel management, with the exception of technical areas, such as inspections. Respondents in almost three-quarters of the areas recommended more counselling training for Delivery Groups, the highest-ranked subject where ongoing training was needed.

A similar emphasis in the areas in which Delivery Groups require further training was revealed when examining RNH Secondee responses. Prior to their assistance, the secondees

noted the groups needed training mainly in program operations and technical areas, as well as the financial management of the organisation. At the end of their secondments, those loaned to the Delivery Groups noted that skills in client counselling and in technical aspects of RNH program delivery were still in need of improvement.

Local Housing Associations and Authorities (LHA's) have the responsibility of administering RNH Rental housing under the terms of Management Agreements with the Northwest Territories Housing Corporation (NWTHC). They undertake the rental, maintenance and repair of the units as well as contributing to the planning and other operations-related tenant counselling duties required for program delivery. Because the Northwest Territories does not have a Native organisation involved in RNH delivery or administration, the LHA's are analysed here as a special case. Both NWTHC program staff and LHA employees identified that the same types of training had been offered to these community groups, namely financial management, program operations, client counselling and personnel management.

First, a review was undertaken of how LHA managers assessed their delivery abilities. Almost all LHA managers rated their staff members as being skilled in both completing their administrative work and in serving clients. However, there was somewhat more variation when ranking the former versus the latter. About one-third of the LHA managers assessed their staff as "somewhat" skilled in completing their work in an accurate and timely fashion, compared to the almost unanimous evaluation of "very well" skilled in serving clients. It appears that some improvement in staff ability to prepare plans and reports and meet deadlines is required, based on these self-assessments. However, some respondents expressed dissatisfaction with the staff training they had received to date from NWTHC.

Open-ended comments from managers provided additional insights into the training needs of LHA staff members. One-half noted that additional training in administration and/or property maintenance would be helpful. One LHA representative advised it is especially important to be kept up-to-date on a continuous basis with changes in administrative procedures, a requirement which has application for any organisation involved in property management.

Secondly, territorial government staff were polled for their views. A majority of NWTHC RNH staff viewed the LHA's as having a fair to good knowledge of the RNH programs and of being fairly well to well-skilled in business operations and the technical aspects of their work. The same proportion also reported, however, that ongoing training was desirable in the areas of housing program administration and office organisation, and especially in property management and housing policy.

Overall, there is some indication that both ongoing administrative and technical training is needed among LHA staff. Although both the Territorial Housing Corporation and the Authorities/Associations confirm that the ability of the LHA members to plan and carry out their work is more than adequate at the present time, it is reasonable to continue to provide guidance in areas that are fundamental to the effective operation of the groups, as cited by the NWTHC staff.

2. Training Programs

Client group involvement refers to the participation of groups representing those served by the RNH programs in the planning, development and ongoing management of RNH housing. There are three initiatives intended to support the provision and/or improvement in the technical knowledge and administrative ability of RNH client groups: the Native Cadre program, the Secondment program and the Client Training program. The next part of this section examines the extent to which client group involvement in the operation of the RNH programs has increased as a result of these training initiatives.

a) The Native Cadre Program[1]

The Native Cadre program supports the overall RNH programs' objective of increasing client involvement and skills by training selected Native people in the administrative and technical aspects of program operations. The Cadres are helped to find work with RNH Delivery Groups or with local communities involved in housing development. Trainees are instructed in one or more areas, depending on the skill requirements of the Group or community, including housing production and maintenance, general field work, client counselling and housing inspections, over a period of up to six months on contract employment with the Active Party.

The selection process of the Native Cadre program was assessed in two ways: first, by how well program participants met the criteria for entry including: ethnicity, education, personal aptitude, together with other factors considered such as knowledge about housing, and communication and organisational skills, and second, by the extent to which the Selection Committee process was followed.

Virtually all of the Native Cadres met the ethnicity and education entry requirements of the program. Regarding their

---

[1] A separate report highlighting the major findings from a survey of Native Cadre trainees has been produced as a comparison to this evaluation, entitled "Evaluation of the Native Cadre Program".

personal suitability, measures of inherent interest in housing showed that almost one in six had volunteer experience which would be beneficial to delivering the RNH programs, primarily among male Cadres. The most popular reason for applying was to become employed, with wanting to learn more about the RNH programs or improving knowledge of housing taking second and fourth place respectively. Third-ranked was the reason of applying to improve office skills. Applying for the reason of finding employment was especially true for female Cadres and for those admitted to the program in the Atlantic provinces and in Ontario.

The fact that Cadre participants met or exceeded the minimum education requirements of the program suggests that the trainees possessed a fully satisfactory ability to learn about and relate to the operation of the RNH programs and about housing development more generally.

The Native community itself was most frequently cited as the source for how Cadres found out about the program, indicating some familiarity with Native issues among participants. When disaggregated by sex and region, however, the role of Native groups was varied. Women tended to find out about the program more from CMHC or other sources, such as employment centres. Perhaps because the Native Groups appear to have played less of a role in informing Native women about this training, the representation of women among those trained was less than one-third. Also, the groups played less importance in informing candidates in Quebec or Ontario compared to the other regions.

The potential ability of the Cadre program participants to organise their work, write reports, and communicate effectively, was determined to fully meet the requirements for training based on their level of education. Given that 39 per cent of Native Cadres had worked for pay prior to their training either in the construction/renovation trades and 23 per cent in social/recreational/counselling areas, it was evident that a moderately high number met the program's criterion of a knowledge of the housing industry and community development.

Native Cadres were, in most cases, chosen on the basis of an interview with a CMHC representative only, rather than with a Native Group member also present as required by program guidelines. Selection by a personal interview with CMHC only was the method cited by 67.7 per cent of Survey respondents. Six per cent reported that their interview was conducted with both a CMHC and Native Group representative present. Other ways in which Native people were involved in the selection process were via personal recommendations to CMHC made by Bands or Native Groups. Overall, 49 per cent of the Cadres indicated this was one of the ways in which they were selected. When asked if there were any ways in which the

selection process should be changed, 90.1 per cent of survey respondents indicated they would not recommend any changes.

In addition to the views of the Cadre trainees, two groups of people involved in administering the program were asked about the appropriateness of the Cadre selection process. They were: representatives from Native RNH Delivery Groups and RNH government staff. A relatively common suggestion by the Delivery Groups was for them to become more involved in the Cadre selection process, specifically more in the specification of their staffing needs and in the formulation of the rating system for choosing from among candidates. RNH program staff who commented on the suitability of Cadre trainees generally evaluated those who had worked in their office as well suited to their jobs. Only one comment was received about the selection process and that was that recruitment was non-competitive: candidates were recommended by the Delivery Group and approved by the Active Party.

In sum, it has been shown that Cadres chosen for the training program generally have met the criteria for entry, but that the Selection Committee process required has not been consistently followed. Although RNH program staff have found the trainees to be appropriately qualified for RNH work in their office, and are satisfied with the selection process, the Native Groups disagree and want more involvement at this stage to better ensure appropriately qualified people are selected.

The extent to which Cadres gained the necessary knowledge and skills to assist Native communities and organisations in developing and conducting their own housing programs, and the extent to which Cadres found employment with Native Groups within the Native community or in housing-related work were the two indicators established for determining whether the client involvement component of the objective was achieved.

The first aspect examined regarding the client involvement and skills objective was the extent to which the Native Cadre program training increased the knowledge and technical ability of participants which would be useful for assisting Native communities and groups to develop and conduct their own housing programs. Four lines of evidence were employed to establish the value of Cadre training in this regard based on the survey of Native Cadres. First, an estimate was made based on Cadre respondents' self-assessments of their improvement in knowledge about the RNH programs and their increased skill in the technical aspects of housing development. Second, a comparison was made between Cadre pre-training job experience characteristics, year of training and features of the program's design to test for the possible reasons for differences in knowledge and skill improvement. Third, a qualitative review of Cadre assessments about their overall satisfaction with the program was undertaken. Fourth,

RNH Delivery Groups and RNH government staff were surveyed for their views about the skill levels of Cadres. Indicators included assessments of trainees' practical, managerial, human relations and problem-solving abilities.

Based on the Cadre self-assessments, virtually all of the trainees perceived the program as having been somewhat to very helpful for increasing their knowledge about the RNH programs and for improving their housing development skills, regardless of their level of education or previous work experience in housing. Evaluations of the program did differ significantly, however, between those who were employed prior to entering the program compared to those who were unemployed. Unemployed applicants who wanted the training as a way of finding work reported gaining less from the program, especially in the area of improving their housing skills.

Regarding the design and implementation of the Native Cadre program, it was found that whether a training plan was used or whether the contract term was six months or longer made no difference in the Cadres' ratings about the value of the program. The level of supervisor feedback and the training methods used, however, did influence the perceived helpfulness of the program. As might be expected, Cadres who rated their supervisor's level of constructive criticism as somewhat to very high also viewed the program as being of benefit. Those who were involved in decision-making or workshops also rated the program more favourably for improving their housing skills than those not exposed to these training methods. Increased knowledge about the RNH programs was most closely associated with learning by observation.

Over 89 per cent of Cadre respondents were somewhat to very satisfied with their overall training experience. When asked to rate individual aspects of the program, "relations with co-workers" was ranked first, followed by "involvement in the work of the office", the "variety of topics covered" and "interest/support of supervisor". A significantly lower percentage, 61.7 per cent of the trainees, however, rated the "length of the contract" as somewhat to very satisfactory. Judging by the written comments received, contracts were estimated as being too short.

A survey among RNH Delivery Groups and another of RNH government staff lend support to the views of the Cadres themselves that the training was helpful and effective in passing on useful skills and knowledge to participants. Generally over one-half of those responding rated the program as effective in the training areas of: technical, managerial, human relations, problem-solving and overall suitability. There was greatest agreement among the Delivery Groups regarding the human relations ability of Cadres they had hired. The less well met need for managerial and technical skills appeared to contribute to the lower overall rating of

Cadres' suitability to work with the Groups. Government RNH staff were, on the whole, much more uniformly complimentary about the effectiveness of the training. But, they agreed with the Delivery Groups that technical skills such as a knowledge of project management or mortgage lending among Cadres could still be improved.

Results from the Native Cadre Survey confirm that a lower percentage of trainees received instruction in technical or managerial subjects. The emphasis, based on Cadre responses, was on the objectives and procedures of the RNH programs and other CMHC programs, client selection, inspections and general office or clerical duties. There was generally no difference by Cadre gender in this rank order by type of training. Over 80 per cent of female trainees identified being given training in general office/clerical support work versus 69 per cent of male Cadres, however. The single category with the highest percentage of male Cadres was inspections: 87 per cent of Native men trainees received instruction in this subject area compared to 67 per cent of women Cadres. Housing inspections ranked second for males as an area they were trained in compared to being fifth highest for women. Office and clerical work ranked second highest for women Cadres but was fifth highest for men. Both men and women Cadres who had their first job after training with a Delivery Group rated the technical skills they had acquired as less useful than their administrative or general office/clerical training. These findings confirm that Cadre instruction was weaker in technical areas, both because it was offered to a lesser extent, especially for women, and because the skills that were acquired were deemed less useful by both trainees and Delivery Groups.

Cadres were surveyed about their post-training experience to gather evidence on the effectiveness of the training program for placing them in housing-related types of work as well as for helping them to gain employment in general. Also, Delivery Groups were interviewed about the Cadres they had hired, and RNH government staff were asked about Cadre-trained employees.

Overall, a total of 57.4 per cent of Cadres reported becoming employed immediately after they completed their training. Those who were advised to apply to the program by a Native group or by family or friends enjoyed the highest success rate in finding work right away. A comparison of the first job held after training and the current place of work showed that both the Native groups and CMHC have declined in importance as work locations for Cadres as shown in Table 6.8. Most have taken employment since their training in non-housing areas within the private sector.

TABLE 6.8
TYPE OF EMPLOYMENT HELD AFTER TRAINING

PLACE OF EMPLOYMENT	% OF CADRES	
	FIRST JOB (n=133)	CURRENT JOB (n=137)
CMHC	23.3	12.4
Native Delivery Group	33.8	13.1
Provincial Housing Agency	5.3	2.9
Other housing work	6.0	8.0
Other work:		
Non-housing Native	6.0	8.0
Non-housing Government	9.0	10.0
Non-housing other	16.5	44.5

SOURCE: Native Cadre Survey, Program Evaluation Division, CMHC, 1989.

A more detailed inspection of the Cadre survey results showed that the job placement success rate varied greatly between Cadres who were employed versus unemployed before their training. It was found that Cadres, who were employed at the time they applied to the program and who wanted the training to improve the housing-related skills they already had, were more likely to become employed immediately after training.

Further to the finding about women being less likely to be referred for training by the Native Groups is the observation, based on Cadre survey results, that women are less likely to be hired by the same groups. It was found that of the Cadres who were encouraged to apply to the program by Native delivery organisations, a significantly greater percentage of male Cadres were subsequently hired by the groups, compared to women Cadres. Seventy-five per cent of the male trainees had their first job with the group that sponsored them, while 55 per cent of women Cadres found their first job after ending their program with their sponsor group. This difference is similar to the poorer employment prospects for Native women within the labour force. According to the 1986 Census, the labour force participation rate for Native women was 40.2 per cent, compared to 60.8 per cent for Native men. These rates for non-Native women and men were 56.1 and 77.7 per cent, respectively.[1]

[1] Canada's North, A Profile, A.M. Maslove and D.C. Hawkes, 1986 Census Catalogue 98-122 (Supply and Services: Ottawa, 1990).

The job placement success rate was then measured qualitatively by reviewing Cadres' assessments of statements about the impact of the program in their finding work in housing, getting a good job and helping them in their career. Close to 70 per cent or more of all Cadre respondents were in somewhat to full agreement with these statements. Satisfaction with the program in terms of finding employment did not differ significantly by level of education of the Cadres or by their previous employment status. There was a greater percentage of Cadres who were trained in the Atlantic provinces, however, who cited a lower level of satisfaction with their ability to find a job. This regional variation may be more a reflection of less favourable economic conditions locally, however, rather than any inherent differences in the design or administration of the program.

A second measure of the job placement success rate entailed a review of write-in comments made about recommended changes to the program's training process. The answers given focused on training content and administration. Respondents' suggestions ranged from including more practical experience and decision-making responsibility to lengthening contracts and making the approach more formal with structured training plans and training-oriented supervisors.

Based on surveys of Delivery Groups and government staff, it was found that, although the overall numbers were small, a greater percentage of the groups had Cadres currently employed with them, compared to Cadres working in the federal or provincial governments. Furthermore, the Delivery Groups report helping Cadres find work by direct hiring versus the public sector practice most commonly cited of personal referral. The work being done by Cadre-trained employees tended to be more clerical within the government, but more administrative, including managerial within the Delivery Groups. A total of 14 persons who received training under the Native Cadre program now work with the RNH Native Delivery Groups, and are employed mainly in the housing development area. One serves as the Housing Director for the group.

The prospect of better working conditions, in terms of higher salary and benefits packages, a more stable employment environment, and greater promotional opportunities in the public sector, compared to those of Native Delivery Groups or rural communities, combined with the introduction of employment equity legislation, represent potential threats to the achievement of the job placement objective of the Native Cadre program. A few Native organisations involved in RNH delivery have noted that candidates, they have recommended for training, sometimes choose to remain in government because of these differences in employment benefits. In addition, the establishment of employment targets which specify Natives as a priority group may encourage the redirection of Cadres away from housing-related work.

b) The Secondment Program

The RNH Secondment program is intended to support the overall RNH objective of increasing client involvement by loaning housing professionals to Delivery Groups. The aim of this assistance is to enable the groups to better identify and plan for the housing needs of the people they represent and to more effectively and efficiently organise their operation to meet these needs.

The extent to which the Secondment program was successful in meeting its objectives was analysed from three perspectives: first, on the basis of a review of secondees' professional backgrounds, work experiences and roles with the Delivery Groups, second by reviewing comments on their work performance, as well as, third, their accomplishments during their work term. Specific indicators of the effectiveness of the program include: how and why participants were chosen, the relevancy of their work experience and previous qualifications, their achievements which would be of assistance to the groups over the long term as well as their own and the groups' perceptions of their value to the organisation.

A review of the educational, occupational and employment backgrounds of RNH secondees showed that the persons selected to participate in the program were well-qualified housing professionals. It was found that the majority had some level of post-secondary school education. All had previous work experience, an equal number with the public and private sectors, and, the same number in technical versus managerial or administrative occupations.

Regarding their knowledge of the RNH programs and of housing issues more generally, the group demonstrated a high level of familiarity with RNH delivery and of the housing field. As a whole, their experience in housing-related work averaged over 11 years. The most typical length of time was between 5 and 10 years, with three secondees having had over 20 years' working in the housing area.[1] Overall, one-half or more of those selected for the program rated themselves as familiar with the key aspects of RNH delivery: program objectives and procedures, housing inspections, client selection/needs assessment, project management and housing policy.

Over one-half of program participants had their secondment recommended and/or approved by the Native Group they joined or

---

[1] Two persons seconded had no previous housing-related work experience. They were initially trained under the Native Cadre program with the Delivery Groups, then remained as temporary consultants to the organisations.

by the CMHC/Provincial/Native Group Tripartite Management Committee. A list of secondees by Native Group, year of secondment and role within the group is provided in Table 6.9. The remainder were selected mainly upon appointment or nomination by CMHC. An indicator of the commitment to the resolution of Native housing issues is evident from the fact that one-half of the secondees reported they would have worked with these organisations, regardless of whether they had been chosen under the program. The majority of the participants also rated themselves as having been somewhat to very familiar with the management, organisation and delivery activity of the group prior to when they were placed.

In sum, the persons who were selected to assist Native Delivery Groups under the RNH Secondment program appeared well-qualified for the work, knowledgeable about the RNH delivery operations of the group they were to help and committed to the purpose of the program. These characteristics would suggest that the secondees possessed the prerequisite attributes for being able to advise the Native organisations on their management and administration. The next section explores the degree to which the secondees succeeded in accomplishing these objectives.

In order to assess the extent to which the planning ability and organisational capacity of the Native Delivery Groups were improved as a result of the work of the secondees, three factors were considered: the groups' need for training, the training roles and methods employed by secondees, and their accomplishments.

According to the secondees, the most frequently cited training need among the Native Groups which were assisted by secondees was for an increased familiarity with the objectives and procedures of the RNH programs. Ranked second were improvements in project management and knowledge of housing policy. Third was better client selection and needs assessment methods and a stronger ability in assessing housing condition. An assessment of the training requirements of the groups at the time of the secondments was also obtained by reviewing the contracts signed between CMHC and the secondees.[1] They showed that most of the secondments were for managerial and senior administrative positions within the Native organisations. Duties included: staff supervision, the preparation of delivery plans, monitoring and evaluating Native group delivery activity and serving as a liaison between departments or offices within the groups as well as with CMHC. There were some unique secondment assignments such as managing a specific housing project under construction and performing as a national training course coordinator.

---

[1] RNH Secondment program files, CMHC, 1974-1988.

TABLE 6.9
NUMBER OF RNH SECONDEES[1] BY PROVINCE/TERRITORY, DELIVERY GROUP, YEAR OF SECONDMENT AND ROLE

PROVINCE/TERRITORY/ DELIVERY GROUP	NUMBER OF SECONDEES	YEAR OF SECONDMENT	ROLE OF SECONDEE
Newfoundland			
Labrador Inuit Association	1	1984	Coordinator, ERP Delivery
Prince Edward Island			
Native Council P.E.I.	2	1984/85 1984	Housing Advisor Housing Advisor
Nova Scotia	-	-	-
New Brunswick			
Skigin Elnoog	1	1980/82	Land Acquisition Coordinator
Quebec	1	1987/88	
Ontario			
Ontario Métis and Non-Status Indian Association	4	1975/80 1977/78 1980/83 1984/85	Housing Coord: New Construction Senior Technical Advisor Housing Director Housing Advisor, RNH
Manitoba			
Manitoba Métis Federation	1	1978/80	Housing Advisor, RNH
Saskatchewan			
Saskatchewan Métis Association	2	1973/79 1978/80	Training Coord.
Alberta			
Métis Assoc. of Alberta	1	1979/83	Coord., RRAP and ERP
British Columbia			
B.C. Remote Housing Corp.	2	1979/81 1979/85	General Manager Construction Advisor
Northwest Territories	-	-	-
Yukon			
Council of Yukon Indians	3	1 Unknown 1980/81 1983/84	 Policy Advisor
National			
Native Council of Canada	1	1980/84	Housing Advisor

SOURCE: RNH Secondment Program Survey, Program Evaluation Division, CMHC, 1989; CMHC Human Resources Administrative Records, 1974-1988.

NOTE: [1] Includes secondees involved wholly or in part in assisting with the delivery/policy development related to the RNH programs or ERP.

In terms of their accomplishments, the majority of secondees responding to the survey reported providing management assistance to the groups in the areas of program planning and administration as opposed to the teaching of technical skills, such as undertaking inspections or performing accounting functions. When asked about the methods which they employed when working with the groups, respondents reported activities such as the preparations of plans and budgets; holding meetings, seminars and giving courses and presentations. About one-third contributed to the knowledge of the group by preparing program delivery/planning guides or manuals which could be referred to once the secondment was completed.

The next line of evidence in assessing the impact of secondees' work on the planning ability and organisational capacity is the perceptions of secondees, their supervisors and the Delivery Groups, concerning their performance as an employee and the value added of their being loaned to the organisation.

RNH secondees who had assisted Native Groups in the delivery of the RNH Regular programs or the Emergency Repair Program were asked to rate the improvement in the groups' operations as a result of their secondment. Based on their replies, it is evident that the secondees assessed the performance of the groups as being considerably enhanced as a result of their assistance. There was some variation, however, by the delivery responsibilities of the group.

As shown in Table 6.10, the highest percentage of secondees rated Delivery Groups as having improved "somewhat" to "a lot" in the management of their operations and in their follow-up or monitoring work. The secondees assessed that they were less effective in improving the delivery ability of the groups. Although it was still very high, 75 per cent rated the counselling ability of the groups as being improved, the lowest-rated attribute.

When asked to rate their training on a summary basis, the secondees unanimously agreed that it was effective in helping the RNH Delivery Groups operate independently once the secondment ended. The secondees also assessed the ability of the groups to better address Native housing concerns was somewhat to very much improved.

TABLE 6.10
SELF-ASSESSMENT BY SECONDEES OF IMPACTS
ON NATIVE GROUP PERFORMANCE

INDICATOR	% OF SECONDEES[1]	n
Extent of improvement in delivery capability of Native Group		
Management	90.0	10
Delivery	83.3	12
Monitoring	90.9	11
Counselling	75.0	8
Ability to operate independently once secondment completed	100.0	10
Suitability of contract		
Length	63.6	11
Salary	90.9	11
Terms of reference	81.8	11
Perceived improvement in Delivery Group performance: short term	100.0	11

SOURCE: RNH Secondment Program Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Per cent evaluating group's performance as "somewhat improved" to "very much improved".

The end-of-secondment performance evaluations provide another source of evidence on the value of having loaned a housing professional to the Native Groups. For those secondees whose ratings were located on file, comments by supervisors, both with CMHC and the Native Group were typically very complimentary: a selection of remarks includes, "dependable", "resourceful", "self-motivated" and "sincere commitment".

In an effort to independently assess the extent to which improvements in the capability of RNH Delivery Groups were attributable to secondees, group representatives were asked for their views. Given that most secondments took place at least five years ago, the representatives interviewed for the evaluation were generally not familiar with the experience of their organisation in this regard, as they were not with the group at the time. All knew of the Secondment program, however.

Of the ten Delivery Group representatives responding about their involvement in the RNH Secondment program, four were working in their groups when a secondee was present. All four responded concerning the effectiveness of the secondee. Of

these, three assessed the assistance provided by the secondee as beneficial to some extent for the performance indicators of management, delivery and monitoring. Counselling was rated as an area which was less improved by the secondees. The other group rated the effect of the secondee as either neutral or not at all of benefit for these performance indicators. Therefore, it is apparent that the groups saw the secondees as generally somewhat to very beneficial to improving their RNH delivery capability.

Further comments provided by two of these groups illustrate that there is currently some level of frustration concerning their ability to obtain useful training via the Secondment program. One stated that they had had a "bad experience" and that the administrative procedures had not been followed. The other group stated "it is not good to use non-Natives to train Natives to serve Natives". The same group mentioned that secondments were good for Groups starting out, but not for the ones which were more established.

Overall, the Secondment program has appeared to have effectively improved the RNH program planning and delivery capability of the Native Groups to which the housing professionals had been loaned, based on the responses of those interviewed. Persons seconded to the organisations were well-qualified for the work, based on a review of their education and work experience. They performed the key RNH management role in the groups, in most cases, in that they established and/or carried out the activities encompassing the RNH delivery and program improvement functions during their term. Also, performance evaluations by their superiors indicated that they were all competent and committed individuals. Furthermore, although dissatisfaction was expressed by one Native Group with the housing expert they were loaned, the majority of the representatives assessed the secondees as having had a beneficial impact on their operations. As discussed previously, a number of Groups had recently made enquiries to CMHC for the secondment of another advisor to assist them.

c) The Client Training Program

The RNH Client Training program aims to increase client involvement and skills by funding eligible staff training expenses of representative RNH Delivery Groups, in order for them to:

- develop and conduct their housing initiatives within the RNH program parameters;
- produce/administer housing efficiently, at costs acceptable to the governments involved; and
- prepare priority client groups to assume the benefits and responsibilities of RNH program housing assistance.

In support of these objectives, Client Training funding is available for workshops and briefings to acquaint groups with RNH program changes and in interpreting guidelines, for example. Groups' expenses related to management training in financial or human resource planning for instance, can be offset in order to help groups operate more efficiently. Financial assistance is also available to pay for course expenses for increasing their expertise related to such activities as counselling.

The extent, to which the objectives of the Client Training program have been achieved, is ascertained by reviewing the level and types of expenditures under the program. In addition, evidence is drawn from surveys of Delivery Groups concerning their experiences with the program.

There are four major types of activities eligible for client training funding: training events, materials preparation and the purchase of related equipment for training, specialised courses of instruction, and RNH program promotion and counselling.

Since 1974, a total of $3.8M (1988 $) has been spent under the RNH Client Training program. As shown in Table 6.11 expenditures have declined significantly since the program was launched. An examination of the types of activities funded showed that training events such as Delivery Group orientation workshops and meetings to discuss RNH program changes were the most consistently popular type of use. There was no documented evidence of program funds being spent to develop training materials. Any costs for purchasing prepared materials appear to have been reported under event funding. Instruction in specialised areas such as housing design and construction/renovation became more widely used in the early 1980's, partly a reflection of the launching of CMHC's Rehabilitation Skills Training Centre courses. In contrast, program promotion activities, largely comprised of general meetings with prospective RNH clients for information purposes were sponsored to a greater extent in the earlier years of the program.

TABLE 6.11
RNH CLIENT TRAINING EXPENDITURES ACTIVITY
1974 - 1988

YEAR	EXPENDITURE (1988 $)
1974 - 1980	2,689,827
1981 - 1985	869,950
1986 - 1988	269,119
Average Annual	255,260

SOURCE: Financial Services Division, 1988; Rural and Native Housing Review, Program Evaluation Unit, 1980.

When asked to confirm the kinds of training they had received under the Client Training program, both Native Delivery Groups and the Northwest Territories Local Housing Associations/ Authorities (LHA's) reported training events and materials as the more popularly used types. Course instruction has still been relatively less widely employed, as shown in Table 6.12.

TABLE 6.12
CLIENT TRAINING PROGRAM: METHODS USED
BY TYPE OF DELIVERY GROUP

	TYPE OF GROUP			
TRAINING METHOD	NATIVE DELIVERY %	n	LOCAL HOUSING ASSOC/AUTHORITY %	n
Training materials	100.0	7	50.0	3
Events	100.0	7	57.1	4
Instruction	50.0	6	42.9	3

SOURCE: RNH Delivery Group Survey and Survey of Local Housing Associations/Authorities, Program Evaluation Division, CMHC, 1989.

The relative numbers of groups and LHA's who received training as reported by themselves and by the responsible partner are compared in Table 6.13. Both Provincial partners and CMHC reported having offered training in program operations and in business-related areas, but CMHC has offered counselling training to a slightly greater extent than the provinces. The Northwest Territories' government reports that it has been active in providing all of the major types of training.

Self-reporting by the Native Groups and LHA's showed that the extent of business-related training was not as widespread. None of the groups or LHA's surveyed stated they have ever received technical training, such as in inspections. Similar types of training to that funded under the Client Training program had been sought from sources other than the active partner or CMHC by 60 per cent of the Delivery Groups interviewed and by three-quarters of the LHA's.

TABLE 6.13
TYPE OF CLIENT TRAINING
BY TYPE OF CLIENT DELIVERY GROUP:
SELF-REPORTED VS ACTIVE PARTY REPORTED

	TYPE OF GROUP				
TYPE OF TRAINING	**NATIVE GROUP (n=11)**	**PROVINCE (n=5)**	**CMHC (n=7)**	**LHA (n=8)**	**TERRITORY (n=1)**
RNH program operations	6	3	6	2	1
BUSINESS, DELIVERY SKILLS					
Financial management	1	2	1	3	1
Personnel management	1	1	1	3	1
Counselling	4	1	6	1	1
Other eg. Technical	0	5	7	0	1

SOURCE: RNH Delivery Group Survey, RNH Government Staff Survey and Survey of Local Housing Associations/ Authorities in the Northwest Territories, Program Evaluation Division, CMHC, 1989.

This review of expenditures suggests that the three objectives of the Client Training program are not being met equally well, because of the overall decline in spending since 1974 and the limited range of activities funded. A decline in spending alone could indicate increased familiarity of the Delivery Groups with their responsibilities coinciding with greater work experience. However, ongoing revisions to RNH policy, guidelines and procedures as well as staffing changes within the Native organisations necessitate ongoing training in support of the first objective of the program which is to develop and conduct their activity within RNH program parameters. It is this aim which appears to have been met to the greatest extent. Training events such as conferences and workshops were reported the most frequently, held very often

for the purpose of communicating RNH program and/or policy changes. Furthermore, almost all groups and most Active Party respondents reported training in RNH program operations.

Training in financial or personnel management was less frequently reported however. Also, courses of instruction which were typically of a technical nature were also less well represented. Both of these trends point to a program which has been less effectively employed to meet its second objective of being trained to operate effectively and efficiently. The third objective of being able to properly counsel prospective RNH clients was met to a somewhat greater extent given the slightly higher percentage of groups which have received training in counselling.

In addition to reviewing expenditures, Delivery Groups were asked for their views and experiences with the Client Training program as another indicator of how well its objectives were being met. Specifically, groups were queried about how satisfied they were with the type and level of funding made available, their thoughts on the funding approval process and procedures, as well as any general reactions to the Client Training program as a whole. Responses were compared to their comments reported earlier about training requirements.

In order to gain an appreciation of how effective the program was in improving their knowledge about the RNH initiatives, the efficiency of Delivery Groups' operations and their ability to counsel current and potential clients, Delivery Group representatives were asked about the extent to which the types of activities and available budget were appropriate in light of their training requirements.

Regarding the subject areas in which Delivery Groups assessed an outstanding need for further training, client counselling and technical training were mentioned specifically but only by two groups out of ten. Concerning the availability of funding for training, dissatisfaction was expressed by only two groups. The comments made referred to "budget for training is being reduced" and "no training budget identified".

Suggestions were requested from respondents on the topic of improvements to the content of training and the frequency of events. Of the 11 comments received, five recommended changes in how the Client Training program was administered. But, the recommendations were not all complementary. Two viewed Active Party involvement as counterproductive and wanted Native organisations to do their own training. Four others saw Active Party involvement as desirable and wanted specific improvements: more tripartite meetings, i.e. including the group/government/client, more frequently held sessions on program changes, longer workshops such as on client counselling, and training in interpreting program guidelines. These results are reflected in the groups' ratings of their

overall satisfaction with the RNH Client Training program. Of the nine who replied, four were "not satisfied" to "not at all satisfied" while five were "somewhat satisfied". None rated themselves as "very satisfied".

Considering the three objectives of the program, it appears that based on Delivery Group comments this element of the RNH training initiative is not completely effective because the training does not meet their needs. From their comments about better liaison concerning RNH program information, improvements are needed to ensure the groups are kept au courant with administrative changes and are helped to interpret updated RNH guidelines.

Remarks by several representatives about the time needed for training suggests that a better way of integrating training with ongoing Delivery Group operations is required. The need for additional training in client counselling was cited specifically by only a minority of the groups, indicating the program is achieving its objective in this area from the viewpoint of most of the representatives.

An analysis equivalent to that of reviewing Native Delivery Groups' views on the Client Training program was undertaken with respect to the Local Housing Authorities and Associations in the Northwest Territories. It was found that overall, one-half of the LHA's which managed RNH Rental housing and responded to the survey were neutral or satisfied with the training provided by the territorial government. When asked to comment specifically on skills and/or training requirements there were very few provided. Of the four LHA representatives who included remarks, only one mentioned a training need, and that was for additional instruction in administrative areas.

D. Involvement of Local Native Housing Groups in RNH Delivery and Management

As noted in Chapter I, a key component of the pre-1986 RNH program was maximum client involvement in all aspects of the development of housing projects, including the planning and building of units. Where possible, the housing units were to be constructed by the intended occupants or by groups within the communities in which the units were to be located. To this end, the Project Development Funds (PDF) program was established to assist local housing groups design, construct and manage their own housing projects. While the federal-provincial partnership would finance new housing, it was the intention of the original policy that the actual developer and builder of such projects would be local non-profit co-operatives and community associations wherever possible. Later, other types of programs were introduced which were to foster client involvement in homeowner unit building and management. Furthermore in association with their ability to nominate local organisations to administer

rental housing, several provincial governments have supported the development of Local Housing Associations or other non-profit groups to manage RNH units. Because local involvement in the delivery and management of RNH units has primarily been by Native people, their experience to-date in this area is considered in this chapter.

1. Project/Proposal Development Funds Program

As originally set out, project funds directed to assisting communities could be used for the following purposes:

- community work needed to develop a housing co-operative or non-profit corporation involving the intended occupants of the houses to be built, renovated, or purchased;
- conducting the required feasibility studies;
- carrying out negotiations with municipal, provincial and federal governments;
- planning, organising and supervising the construction work and using the labour potential of the intended occupants; and
- providing training and indigenous counselling services needed to encourage the intended occupants to participate meaningfully in upgrading the quality of life in their community through their own direct involvement in resolving their housing problems.

In 1983, Project Development Funding changed from a grant to a loan program under which the loan was forgiven if the project was not approved or did not proceed. If the project did proceed, the Project Development Funding loan is recovered by including the loan as part of the total capital costs of the project. The change was made to institute an incentive to groups to improve their efficiency of operations.

As shown in Table 1.8, the majority of Project Development Funds were expended between 1977 and 1983 with very little activity being evident in the last few years.

Currently called Proposal Development Funding (PDF), the objective is to assist in the development of an RNH housing project proposal for priority groups in rural communities which have been targeted for RNH activity. Eligible clients include private, non-profit corporations or individuals representing an organisation to be incorporated (local housing groups).

Eligible activities currently include:

- staffing for project management;
- offer-to-purchase for land or house;
- research and feasibility;
- group education to solidify group;
- purchase of technical skills and services;
- fees for incorporation;
- client selection;
- negotiations with other government agencies;
- office and other administration; and
- site selection.

There are no longer references to construction work under eligible activities.

There have been several instances of Native group and community group involvement in the delivery and actual construction of RNH units funded under the PDF program. Between 1975 and 1981, a range of local housing groups and non-profit building groups were established for this purpose. The experience was mixed. The experiences documented below are intended to illustrate some of the difficulties experienced in implementing this aspect of delivery. They do not necessarily represent the best or worst cases; rather their inclusion reflects the fact that documentation is available and accessible.

In one province, for example, a provincial Native group was retained to construct some RNH houses in the early 1970's. This group went bankrupt and left many units at various stages of completion to be resolved by the Partnership. The higher costs of construction were due primarily to two reasons. First, there were greater than normal expenses to manage and train the relatively less experienced Native workers. Secondly, cost overruns contributed to the higher costs, associated with less efficient construction methods, inadequate financial controls and inadequate field supervision.

Subsequent to this experience, agreement was reached to involve other local housing groups in the construction of RNH units. This arrangement was relatively short lived. Four years later, construction on all projects being built by local housing groups was halted. The local housing groups had been

set up quickly, and adequate controls could not be incorporated or maintained. Therefore, not entirely due to their own inexperience, the local housing groups had difficulty in delivering the contracted units. A range of problems emerged including the following:

- the original estimates did not include costs for such items as surveys, legal fees, removal of old buildings, materials' storage, consultant fees and permits;
- prolonged construction schedules resulted in increased labour and material costs as well as higher than normal interim interest costs;
- the small number of units under construction in some communities made it difficult to realise economies of scale;
- a loss of material from the site (no insurance);
- vandalism;
- difficulty with delivery of materials to the site resulted in higher freight costs;
- inadequate supervision on site;
- poor accounting practices;
- higher labour costs associated with the additional supervision and training of unskilled Native workers; and
- availability of proper construction equipment was limited in some communities resulting in delays and higher costs.

While several of the above problems are not uncommon to construction activities in northern and remote areas, they were exacerbated by the inexperience, lack of training and scarcity of persons with financial and management skills of some of the local housing groups. As a result, cost overruns on local housing group units were incurred. The lesson to be learned from this experience is clearly the need for adequate lead time necessary to establish viable local housing groups through training and the need for clear lines of accountability, financial and other controls and monitoring procedures.

Other documented instances of cost overruns due to inexperienced construction people on the staff of Native non-profit building groups occurred in two communities in another province for units committed in 1981. Inexperience led to some work having to be redone to conform to specifications and plans, doubling labour and material costs.

Lack of good financial management on the part of the Active Party also resulted in high, unnecessary administration costs.

In some provinces the non-profit building groups met with greater success than the examples just quoted. Some groups in other provinces were judged to be successful although it was also evident that a great deal of CMHC staff time for supervision was required. In discussions on this issue, the notion of introducing RNH technical officers was raised as a means of providing the constant on-site supervision required.

There have been other instances of successful local involvement in RNH housing development. One well-documented case used, instead of a turnkey contract, a building approach which used as much local labour and other local resources as was practical. In addition, the project was to help upgrade local building and project management skills through on-the-job training. CMHC, the provincial government, the provincial Native organisation, and local business and Native groups agreed to develop a smaller number of RNH ownership units utilising the combination of a general contractor, a subcontractor and skilled and unskilled labour. The subcontractor and some of the hired labour were from the local area. The general contractor was chosen by public tender issued by the CMHC office while the subcontractor was nominated on the recommendation of the groups involved, submitting a negotiated bid.

The experience showed that employing Native labour and engaging local firms required different contract management methods than might be used in larger non-remote communities. There were five recommendations. First, hiring an experienced and skilled Native tradesman to act as project foreman would be a more effective way to communicate instructions for the general contractor and respond to workers' concerns than via a non-Native or non-local person. Second, setting up the construction job on a piecework basis would maximise the involvement and productivity of local Native workers, if they are used to being paid as they complete a task. Third, if there are only one or two experienced local construction firms, rather than using competitive bidding, it would be more efficient to involve local companies via a bid negotiated with the general contractor, subject to Active Party approval, as subcontractors. Fourth, since most of the experienced local people are more likely to be in demand for other work through the building season, it makes sense to start construction as early in the year as possible, which may mean ensuring lot servicing is completed the year before. The early start also helps avoid the traditional fall hunting season which may contribute to a drop in the availability of local labour. Lastly, training on this project was via learning by observation which was found to not be an effective way to upgrade local skills or teach project management. One option is formal on-the-job training by an experienced tradesperson.

2. Homeownership Assistance Program

Local communities can negotiate block funding arrangements with the Northwest Territories Housing Corporation (NWTHC) under the Homeownership Assistance Program. These agreements are made with private non-profit groups and provide a fixed amount of money to build a set number of units. NWTHC has final approval regarding client selection and the local group takes charge of construction. Furthermore, local housing groups contribute to long-term capital budget planning by conducting an annual housing needs survey. The results are considered as part of the overall Three-Year Plan agreed upon by NWTHC and CMHC.

3. Rural Home Assistance Program

Community involvement takes another form in Alberta under the province's Rural Home Assistance Program (RHAP). Although the government has the responsibility for approving payments and provides technical advice and inspection services, local non-profit housing associations undertake delivery -- arranging for labour, buying materials and supervising construction. The association also selects clients and establishes a priority needs list. Self-help by individuals plays only a minor role under the program.

4. RNH Demonstration Program

In contrast to the RHAP approach, individual self-help is the mainstay of the Demonstration program. There is some community involvement, however, which has taken two forms. First, provincial Native organisations and/or their local representative groups have assisted CMHC in selecting communities and in identifying prospective demonstration clients. Second, there has been one instance where a local non-profit group has built a demonstration project for occupancy by senior citizens. This was a special case for illustrating the applicability of the program for housing clients who were physically less able to do the construction themselves.

5. RNH Homeownership Program

Under the RNH Homeownership program, local housing groups can be contracted to undertake occupancy counselling and ongoing administration duties on behalf of the Active Party. In Nova Scotia, there are approximately 20 local housing groups funded by CMHC and operating under delivery agency agreements with the Corporation. Some of their involvement is in-house construction but most of their participation in RNH delivery takes the form of management of RNH homeownership housing, that is, ongoing maintenance, repairs and monitoring of shelter payments. These organisations, funded via fee-for-service arrangements, represent one part of community

group involvement in the province. The other major contributors are the local representative groups of the provincial Native organisation, the Native Council of Nova Scotia. Although the NCNS has a construction company which assists in the building of RNH housing, its primary activity is providing support services through the locals including needs planning, and home care and maintenance training to RNH homeownership clients.

6. RNH Rental Program

In a manner similar to the homeownership program, the Active Party can delegate counselling and property administration responsibilities to local organisations. In Saskatchewan, the pre-1986 portfolio as well as units committed in 1986 are managed by the province with the help of local housing authorities. In Quebec, designated agents are local private non-profit groups and in Ontario local municipal non-profit groups have been authorised to administer the small rental/lease-purchase portfolio there.

7. Current Interest in Community Involvement

Discussions at a national meeting on the RNH program in 1981 noted that the policy of funding non-profit groups seemed to be unclear and that the system needed tightening up. Few project funds have been expended since. Today, apart from the special programs in place as previously described, community involvement is largely limited to local groups advising the Active Party on the identification of need for housing in the community, and ensuring that any required land is available for development.

The desire for more local control of the housing process by communities generally and the involvement of communities in the construction of new homes specifically was recently raised at a Northern Housing Conference held in Thompson, Manitoba in 1988. The main message of a community-based approach to housing was expressed by one delegate as follows. "It is time to seriously consider putting the housing responsibilities into the community." He suggested that the communities know best what is required by their people and they should be given the opportunity and responsibility to provide the housing required to accommodate them. In a workshop on delivering and managing northern housing, there were a number of reasons given for the involvement of local housing groups in RNH housing delivery. The advantages of local involvement in house design and building included:

- an improved ability to develop accommodation suited to client needs and community norms; and

- increased employment opportunities for local skilled labour and for the improvement of skills among other local workers.

As was also apparent from the discussion, however, there are two variations on promoting community-based housing development which have implications for the involvement of RNH clients. Some Native groups and provincial government representatives favoured extending the concept of local involvement to community ownership and management of RNH housing. Some provincial participants faced with the high counselling and other expenses that accompany the administration of a geographically dispersed portfolio, favoured community management as a way to reduce operating costs.

Proposals put forward at the conference included: 1) government providing basic materials for the construction of new houses to communities, and assisting in construction training for local residents, 2) residents being provided with materials to undertake their own repairs, and 3) increased role for communities in the management and maintenance of rental housing. Concerning the most appropriate community arrangement, it was noted that housing authorities may work in some communities, but that consideration should also be given to other forms of management such as co-operatives or housing development corporations, so that communities could select the approach that best met their needs. It was also acknowledged at the conference that a gradual process of change over several years would be needed to develop any community-based approach to housing delivery.

E. Summary

1. Effectiveness of Program Planning Methods

Two avenues were explored to estimate the effectiveness of the RNH Tripartite Management Committees (TMC's): views on their operations by participants and other RNH staff; and the extent to which planned RNH activity was achieved.

It was found that Delivery Group members and RNH staff were generally satisfied with the operation of the RNH TMC's, and that the Committees were an effective forum for Native input to RNH planning, coordination and delivery. TMC members in eight out of 10 provinces responding agreed that the Committees met frequently enough, that their membership was representative of the three participant groups, that their work was in accordance with the mandate for the Committees and that RNH planning, coordination and delivery was improved as a result. Dissatisfaction was localised. There were concerns, although in a minority of provinces, about the irregular attendance of senior government housing officials and that agendas were sometimes set without advance notice to all participants.

Regarding the achievement of planned RNH activity, a review of the 1988 Social Housing Annual Review (SHAR) reports supported the views of TMC participants that the committees are effective in meeting their goals. In all provinces, Native "achievement" delivery targets had been met or exceeded for that year. Furthermore, in three provinces, the involvement of provincial Native organisations was viewed as especially helpful regarding client counselling, arrears collection and consultation at the community level.

2. Effectiveness of RNH Delivery by Native Groups

a) Program Promotion

Most of the Native Delivery Groups assessed themselves as being effective in increasing awareness about the RNH programs and in attracting eligible clients to the program. Brochures, public meetings and newsletters were the most common forms of communication. A survey of RNH community representatives showed that the percentage of residents, aware of information meetings sponsored by Delivery Groups, was higher for those in smaller and/or more remote communities.

b) Financial Viability

The financial viability of the Native Delivery Groups was not a concern of the organisations themselves nor of government staff. The reimbursement they received through RNH program fees generally represented less than one-half of their total revenue. However, both the Groups and RNH government staff agreed that the fees for the Emergency Repair Program (ERP) were inadequate to reimburse them for the high travel costs often involved in selecting and counselling clients. The areas where other RNH program fees were assessed by either the groups or RNH staff as too low coincided with provinces with a relatively low unit allocation coupled with a high proportion of distant and less populated communities.

c) Responsiveness of Delivery Groups

The RNH Delivery Groups were seen as having been generally responsive to the housing needs and concerns of local residents by both themselves and by RNH program staff. However, the record of the organisations in consulting with communities at the planning stage was reported as uneven. The percentage of community representatives stating that one or more information meetings on the RNH programs had been held in the past year was higher in provinces only where there were local Native contacts, where the level of previous RNH delivery was relatively high, and where Native people represented a relatively larger percentage of the population.

The Native Delivery Groups assessed themselves as having sufficient numbers of skilled employees who completed their

work accurately and on time. Ongoing training was generally seen as desirable as staff changes occurred, however, through workshops and/or with the help of seconded professionals sponsored by CMHC. Provincial and CMHC RNH program staff as well as former RNH secondees felt that the Groups were most in need of training in counselling and in the management of their operations.

A majority of community representatives were satisfied with the placement, size and appearance of the government-assisted housing in their localities. Significantly fewer rated the placement of units as acceptable, however, suggesting that a better integration of assisted and market housing is required.

3. Support for Increasing Delivery Group Involvement and Skills

a) Delivery Group Training Needs

Overall, the Groups felt their staff were sufficiently skilled to work effectively. Where upgrading was required, the most commonly mentioned needs were for better financial (mortgage-related) and client-counselling information. And, some Groups stated that finding additional qualified staff was difficult as the Native Cadres they hired lacked the required technical or managerial skills, and/or because RNH secondees were unavailable.

The staff resources and operation of Local Housing Authorities and Associations administering RNH Rental housing in the Northwest Territories were examined as a special case. LHA Managers felt their staff were effective in serving clients but that they needed help in improving their administrative skills.

b) Training Programs

There are three RNH Delivery Group training programs: the Native Cadre program, the Secondment program and the Client Training program. The first provides on-the-job temporary work experience at CMHC and/or with the provincial/territorial partner for Delivery Group staff or potential staff to become better acquainted with RNH program operations. The second type of training assistance involves the loan of housing professionals whose salaries are paid for by CMHC to assist Delivery Groups. The third program offers grants to cover training-related expenses: travel costs, accommodation, course fees and materials.

Regarding the Native Cadre program, it was found that virtually all of those selected met the education and ethnicity requirements for entry and were satisfied with the selection process. Most noted that generally only CMHC staff were present during the selection interview. The Delivery

Groups voiced the request to become more involved at the selection stage.

Over 89 per cent of Native Cadres were satisfied with their overall training experience. The most important aspects of the training approach for improving Cadres' housing knowledge and skills were: supervisor feedback and training methods which include participation in decision-making and in workshops. Improvements requested by Cadres included more structured training, supervisors skilled in training and, although it is not significantly associated with gains in knowledge or skills, over 75 per cent of Cadres preferred to have a longer training period. While both a majority of Delivery Groups and RNH staff members rated Cadres as having been trained well in managerial, human relations and problem-solving, the program was viewed as less effective in improving technical skills.

Close to 70 per cent of Native Cadres found work in housing immediately after their training, but only 36 per cent are currently working in the housing field. Currently, 25.7 per cent of all Cadres ever trained, work with CMHC or a Native Delivery Group while 62.5 per cent work out of the housing area. The factors most strongly associated with Cadres finding housing-related work were: previous employment, the desire to improve the housing skills they already had, and referral to the program by a Native Group or individual.

Overall, one-half or more of the Cadres thought the program was helpful to them in finding work and in furthering their career. Dissatisfaction with their ability to find work was evident mainly in the Atlantic region, where only 51.7 per cent of Cadres felt that it was easy to find a job in housing, compared to over 80 per cent of those who received their training elsewhere.

Persons seconded to work for Native Delivery Groups were well-qualified for their assignments. Almost all had post-secondary education and had worked in the housing area, typically for five to ten years. They each performed a key housing management role in the group establishing or carrying out RNH delivery and program improvement functions during the term of their secondment. About one-quarter of the secondees felt that they could have been more helpful in the areas of field delivery and client counselling. Of the Native Delivery Groups responding, a majority assessed the temporary assistance as having been beneficial to their organisation and a number of them expressed the desire to obtain another secondee.

Expenditures under the Client Training program have dropped from $2.7M (1988 $) in the first seven years to under $300,000 in the last three years. Throughout this period, the major types of activities funded have been meetings and workshops to

inform Delivery Groups about program changes and introduction of new guidelines. Typically, fewer than 20 per cent of expenditures were for technical or financial training. Sixty per cent of the groups reported that they supplemented Client Training assistance with training funding from other organisations outside of CMHC. The Groups were divided on their satisfaction with the program with several implying the need for better integration of training with the daily operation of the Groups.

4. Involvement of Local Native Housing Groups in RNH Delivery and Management

Local housing groups involvement in RNH delivery has evolved from housing development to the conducting of needs surveys and ensuring the availability of serviced land. Between 1975 and 1981 when most local housing groups were involved in RNH delivery, the record of their experience was mixed. There are several instances where Native group and community group involvement in the delivery and actual construction of RNH units resulted in substantial cost overruns due to inexperience and poor monitoring and control.

The amount of time required to supervise such groups and the long lead time required to develop them has also been noted. At the same time, there are documented cases of positive results. Groups are no longer active as housing developers and are more involved in the estimation of need and ensuring that land is available for development. In some jurisdictions community-based delivery systems exist under the RNH program. Currently, there is regional interest in rejuvenating the involvement of local housing groups as part of a push for greater community involvement in RNH planning and delivery.

VII EFFECTIVENESS OF RNH PROGRAM COUNSELLING AND PROPERTY MANAGEMENT

As discussed in Chapter VI, the federal/provincial/territorial partnership undertakes RNH program planning, promotion and client counselling on a shared basis with Native groups. In addition to these responsibilities, the Active partners have exclusive domain regarding the administration of the RNH Rental, Lease-Purchase and Homeownership portfolios. This chapter assesses the effectiveness of tenant and homeowner counselling by government and the Native groups. It then evaluates the extent to which ongoing maintenance and repairs are carried out, that units meet adequacy standards as a result, and the level of effort made by the F/P/T members regarding their other property management responsibilities: verifying incomes and adjusting house payments as necessary.[1]

A. Effectiveness of RNH Rental/Lease-Purchase Counselling and Rental/Lease-Purchase Property Administration

Tenant counselling is undertaken by delivery agents under Stage I and Stage III of their operating agreements and housing agency staff for two reasons. First, it is done to provide tenants with information and advice to ensure they are aware of their responsibility for paying rent. Secondly, it is done to help tenants meet their tenure obligations by advising them about budgeting practices. Evidence on the extent to which RNH tenant counselling has been undertaken is based on occupant reports of the types of counselling they have received, when they received it, and as well as delivery Agent and housing agency accounts of their satisfaction with the counselling process.

Portfolio management practices include: contacting/visiting tenants to confirm the physical state of repair of their unit and verifying and adjusting tenants' incomes on an annual basis, and undertaking inspections, maintenance and repairs as required. As per the tenant counselling analysis, the RNH property management function is evaluated by examining tenant contact rates, inspector assessments of physical condition of rental housing and the views of RNH program delivery personnel.

---

[1] RNH Rental housing is only delivered in six provinces. The respective portfolios are administered in the following manner: by the Active Party directly in Prince Edward Island (CMHC), Manitoba (CMHC-north; Province-south); Saskatchewan (CMHC) although the pre-1986 portfolio as well as those committed in 1986 are administered by the province, and Alberta (Province); by designated agents in Quebec (private non-profit groups including Corporation Waskahegan); and Ontario (municipal non-profit groups).

1. Rental Counselling

There are three main types of counselling provided to RNH tenants: advice on household budgeting, payment responsibilities and the need for contents and liability insurance. According to RNH Rental housing occupants, information has been provided to a greater extent on shelter payments compared to the other two areas, as shown in Table 7.1. Overall, the percentage of tenants reporting they have ever received counselling is low, ranging from 5.4 per cent regarding contents insurance to 14.1 per cent who were contacted about making rent payments.

The fact that a higher percentage of tenants report having been advised about making rent payments, however, implies that attention is being given to the renter arrears problem. There are significant differences between provinces in the percentages of tenants who report having received counselling since the time they have been living in RNH housing. Unfortunately, the number of tenants counselled is too low to allow an interprovincial analysis. Only in Quebec have tenants been contacted to any measurable extent for all three types of counselling advice. The greatest proportions of tenants who report receiving advice about making rent payments are those in Quebec and the Northwest Territories.

The rates are consistently higher for remote areas for all three types of counselling. However, differences between remote and non-remote locations in the level of rental counselling are only significant for rent payments. Counselling rates by length of occupancy, although not significantly different, are higher for recent tenants, as expected, given that contact is to be made three times within the first year of occupancy. Again, counselling regarding rent payments has been undertaken to a greater extent than for either of the other types of counselling, regardless of location or length of occupancy.

TABLE 7.1
PERCENTAGE OF RNH RENTERS WHO EVER RECEIVED COUNSELLING BY PROVINCE/TERRITORY, LOCATION AND LENGTH OF OCCUPANCY

	TYPE OF COUNSELLING[1,2]		
	BUDGETING % (n=571)	RENT PAYMENTS % (n=569)	CONTENTS INSURANCE % (n=569)
ALL RENTERS	6.1	14.1	5.4
PROVINCE/TERRITORY			
Quebec	13.4	20.2	13.4
Manitoba	2.7	6.4	1.3
Saskatchewan	4.8	17.5	4.6
Alberta	0.0	4.4	4.4
N.W.T.	8.3	28.2	5.7
LOCATION			
Remote	8.8	20.7	7.7
Non-remote	4.0	8.9	3.6
LENGTH OF OCCUPANCY			
1 year or less	11.8	20.1	8.2
More than 1 year	4.5	12.6	4.7

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Renters indicating they ever received this type of information or advice.
[2] Received counselling from the government, a housing authority or a delivery agent.

In addition to examining if tenants had ever received counselling, they were asked about counselling on budgeting received in the past 12 months, a reference period approximately equal to the calendar year 1988. The level of counselling done in this period is shown in Table 7.2. Regardless of the tenants' remote/non-remote location or province of residence, the percentage reporting having been contacted recently for the purpose of counselling is very low. But, one area stands out as above the national rate: the Northwest Territories. Further analysis of the budgeting counselling reported by tenants shows that only the tenants of new, post-1985 housing in the Northwest Territories report having been counselled about budgeting in the last 12 months. This is consistent with the fact that most or all rental housing has been built in this time period in the area. It is apparent also that because all of the Territories are considered remote, counselling on budgeting has been

undertaken to a greater extent in remote versus non-remote areas. Overall, budgeting information appears to be provided in the Northwest Territories even though no tenants are in arrears, as a precautionary measure.

In addition to looking at the overall extent to which tenants were advised about budgeting, the number of occasions on which renters were contacted or visited for this purpose was reviewed. The level of effort should be a minimum of three times: before, at the time of, and subsequent to occupying the RNH unit. It was found that, because of the low numbers of renters who reported ever having been counselled, there were too few cases to show a detailed analysis geographically for this group. As also shown in Table 7.2, however, there are three areas for which sufficient observations exist to describe a trend: all renters nationally, in Quebec and in non-remote locations. The overriding trend is that virtually all of those who indicated they received counselling on either budgeting, making rent payments, or on contents insurance were contacted only once.

TABLE 7.2
PERCENTAGE OF RNH RENTERS COUNSELLED ON BUDGETING/PAYMENTS BY RNH STAFF[1] BY PROVINCE/TERRITORY AND LOCATION

	DISCUSS BUDGETING[1]		NUMBER OF CONTACTS		
			ONE	TWO	THREE
	%	n	%	%	%
ALL RENTERS	5.5	537	92.3	-	-
PROVINCE/TERRITORY					
Quebec	1.6	206	93.4	-	-
Manitoba	2.9	165	-	-	-
Saskatchewan	3.3	90	-	-	-
Alberta	0.0	24	-	-	-
N.W.T.	6.3	80	-	-	-
LOCATION					
Remote	4.5	292	-	-	-
Non-remote	1.6	273	87.0	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Visited by staff from the government, a housing authority or a delivery agent in the past 12 months, to discuss budgeting and/or payments.
"-" refers to fewer than 20 cases.

Another perspective on how well Delivery Groups and government agencies have performed their counselling responsibility is gained by examining their record of providing information and advice as prescribed. As illustrated in Table 7.3, most renters have been provided counselling once, that is, either before or after they moved in, based on client reports. In Quebec, almost 62 per cent of tenants answering stated they received counselling prior to occupying their unit compared to fewer than 25 per cent after occupancy. Given that the stock has been built and occupied only within the last two years, it is reasonable to expect that not all renters would have received follow-up counselling. The trend to most renters having been counselled prior to occupancy is similar in non-remote areas, as also shown in Table 7.3. Together, these results show that, not only is overall counselling low, but it is not undertaken consistently before, at the time of, and after occupancy.

TABLE 7.3
RNH RENTERS COUNSELLED[1] BY TIME WHEN COUNSELLING RECEIVED BY PROVINCE/TERRITORY AND LOCATION

	TIMES COUNSELLED						
	ONCE			TWICE			
	BEFORE MOVING %	AT MOVE %	AFTER MOVE %	BEFORE/ AT MOVE %	AT/ AFTER MOVE %	BEFORE/ AFTER MOVE %	ALL THREE TIMES %
ALL RENTERS	41.2	-	-	0.0	0.0	-	-
PROVINCE/TERRITORY							
Quebec	61.8	11.4	26.8	0.0	0.0	-	0.0
Manitoba	-	-	-	-	-	-	-
Saskatchewan	-	-	-	-	-	-	-
Alberta	-	-	-	-	-	-	-
N.W.T.	-	-	-	-	-	-	-
LOCATION							
Remote	-	-	-	-	-	-	-
Non-remote	55.4	20.3	24.3	0.0	0.0	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Includes information received about budgeting, making rent payments or obtaining insurance.
"-" refers to fewer than 20 cases.

Overall, almost 65 per cent of the tenants who received the budgeting and payment information rated it as useful, significantly more than those rating it as not useful. However, opinion was divided over whether they needed additional counselling about budgeting and how to meet their shelter payment responsibilities, as depicted in Table 7.4. Some caution is required in interpreting these percentages, however, because of the very low sample sizes.

TABLE 7.4
RNH RENTERS BY RATING OF THE VALUE OF BUDGETING[1] INFORMATION

STATEMENTS ABOUT INFORMATION	AGREE[2] %	NEUTRAL %	DISAGREE %	TOTAL n
I found the information I received to be very useful.	64.8	10.3	24.9	15[3]
I feel that I need more information about budgeting and making payments.	44.1	11.4	44.5	17[3]

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
[1] Only renters visited/contacted in the last 12 months by a housing officer or housing association staff member to discuss budgeting and payment.
[2] Somewhat or strongly agree; i.e. level 4 or 5 on 5-point scale, neutral i.e. level 3; disagree i.e. level 1 or 2.
[3] Estimates based on small sample size.

2. Lease-Purchase Counselling

As described previously, clients assisted under the RNH Lease-Purchase program are considered to be tenants during their first year of occupancy or until such time as they qualify for homeownership. The pattern of counselling for lease-purchase clients therefore follows that prescribed for tenants, as well as being geared toward preparing them for the additional responsibilities of homeownership.

The major types of counselling include, as for rental tenure, household budgeting and payment responsibilities and the need for contents and liability insurance. In addition, the extra responsibilities of home maintenance, undertaking repairs and obtaining house insurance are to be explained to

lease-purchase clients in support of their presumed transition into homeownership.

The extent to which lease-purchase clients have received counselling and their views on how helpful it has been for making them aware of their responsibilities, both as tenants and prospective owners, is estimated on the basis of their accounts of being contacted by government or housing delivery staff. Four indicators are employed: whether they have ever received counselling, if they received counselling in 1988, the time that the counselling was received and their overall assessment of the usefulness of the information received.

As summarised in Table 7.5, at least one-third or more of the lease-purchase clients received counselling at some time. This rate is significantly higher than that for renters, indicating that lease-purchase counselling is being undertaken more extensively, as required. Rates were very similar with respect to the types of counselling received. The sole exception was the provision of information on household budgeting which under one-quarter of lease-purchase clients indicated as having ever received.

TABLE 7.5
PERCENTAGE OF RNH LEASE-PURCHASE CLIENTS EVER RECEIVING COUNSELLING[1]

TYPE OF COUNSELLING	%	n
Home maintenance	39.6	79
Home repairs	37.9	80
Budgeting	22.8	79
Making shelter payments	39.3	77
House insurance	33.0	78

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] No distinction by location as fewer than 20 cases in remote areas.

In the past year, only about 15 per cent of lease-purchase clients report being contacted about their maintenance responsibilities or to discuss household budgeting, as shown in Table 7.6. As for renters, lease-purchase clients are not well served in terms of being provided budgeting information.

TABLE 7.6
PERCENTAGE OF RNH LEASE-PURCHASE CLIENTS RECENTLY CONTACTED[1] BY RNH DELIVERY STAFF

REASON FOR CONTACT	%	n
Discussing home maintenance	15.0	79
Discussing budgeting	16.0	76

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] In the last 12 months. No distinction by location as fewer than 20 cases in remote areas.

The pattern of counselling by pre- vs post-occupancy differs somewhat from rental, in that lease-purchase clients are more likely to have received information on their responsibilities at all three stages. As shown in Table 7.7, about three-quarters of clients who were counselled report that this occurred prior to moving into their unit, while at occupancy the percentage drops to about 40 per cent and then increases to over 60 per cent after occupancy.

TABLE 7.7
PERCENTAGE OF RNH LEASE-PURCHASE CLIENTS BY TIMING OF COUNSELLING[1]

	TIME WHEN INFORMATION/ADVICE RECEIVED					
	BEFORE MOVING IN		AT TIME MOVED IN		AFTER MOVING IN	
	%	n	%	n	%	n
ALL	75.2	27	41.3	20	63.7	23

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Includes home maintenance or repairs, or budgeting or making shelter payments or on getting house insurance.

Overall, about one-half of lease-purchase clients rated the counselling information they received as very useful. However, almost 60 per cent did not welcome additional advice on household budgeting/making payments compared to slightly more than 40 per cent who felt they did not need advice on undertaking house repairs, as shown in Table 7.8. It makes sense that lease-purchase clients would tend to prefer home repair information more than budgeting information given that

this is an additional responsibility they would take on as homeowners. Finally, when compared to rental clients' responses, lease-purchase clients are less likely to agree and more likely to disagree with the statement that they needed more information about budgeting and making payments.

TABLE 7.8
PERCENTAGE OF LEASE-PURCHASE OCCUPANTS
BY RATING OF INFORMATION/ASSISTANCE RECEIVED OR REQUIRED

STATEMENTS ABOUT INFORMATION/ASSISTANCE RECEIVED OR REQUIRED	AGREE[1] %	NEUTRAL[1] %	DISAGREE[1] %	TOTAL n
I found the information received to be very useful.	56.9	22.4	20.7	48
I feel that I need more information about budgeting and making payments.	24.3	16.7	59.0	64
I feel that I need more information about making house repairs.	34.7	22.2	43.2	63

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Somewhat or strongly agree, i.e. level 4 or 5 on 5-point scale, neutral i.e. level 3; disagree i.e. level 1 or 2.

3. Rental and Lease-Purchase Property Administration

In this section, how well the rental and lease-purchase property administration function is being performed by the Active Party is assessed based on client perceptions, inspector ratings and the views of RNH program staff. Reference is made to the rental agents in the Northwest Territories, the Local Housing Associations and Authorities, as a special case.[1] Three major indicators have been employed: tenant/lease-purchase client accounts of the extent to which agency representatives have recently contacted them

[1] At the request of the Northwest Territories Housing Corporation, a special mail survey was prepared for LHA managers which was based on the RNH Program Officer and Community Representatives questionnaires.

to confirm the condition of their unit, make repairs, or to verify income; the percentage of tenants which have had their rents reviewed or adjusted; tenants', lease-purchase clients' and property managers' satisfaction with property management practices and inspector ratings of rental housing condition.

By way of context, the draft guidelines for RNH administration specify that inspections should take place at least once every three years or more often where it is deemed necessary because of maintenance or arrears problems. Program staff are to visit or contact tenants to verify their income each year and house payments are to be adjusted when incomes change.

The extent to which RNH rental occupants were contacted in the past year for the purposes of checking conditions, making repairs, verifying incomes and reviewing/adjusting their rent payment is summarised in Table 7.9. Overall, a much higher percentage of rental units were checked for disrepair compared to contacts being made with tenants for making repairs or confirming incomes. In fact, contacts made for making repairs or verifying income were the least common, with 13.8 per cent and 12.4 per cent contacted for this purpose, respectively, according to tenants. Income verification may be done through directly contacting the tenants' employer, or if self-employed, by requesting a copy of the client's income tax return. This may partly explain why the percentage of tenants contacted or visited in the past 12 months for this purpose is so low. The fact that almost 80 per cent of tenants report that their rent was reviewed or adjusted in the past year suggests that incomes are, in fact, being checked to a great extent.

TABLE 7.9
PERCENTAGE OF RNH RENTAL CLIENTS
RECENTLY CONTACTED BY RNH GOVERNMENT STAFF/AGENTS
BY TYPE OF REASON AND
PROVINCE/TERRITORY AND LOCATION

	REASON FOR CONTACT[1]							
	CHECK CONDITION		MAKE REPAIRS		VERIFY INCOME[2]		REVIEW/ADJUST RENT[2,3]	
	%	n	%	n	%	n	%	n
ALL RENTERS	48.7	594	13.8	597	12.4	586	78.9	574
PROVINCE/TERRITORY								
Quebec	41.9	207	12.5	207	18.6	206	95.3	209
Manitoba	51.8	163	16.9	161	4.6	162	74.2	158
Saskatchewan	51.7	96	3.8	97	15.1	88	77.7	88
Alberta	51.2	23	22.2	24	17.8	24	-	18
N.W.T.	44.9	78	26.3	80	15.4	78	60.3	73
LOCATION								
Remote	44.8	290	15.9	292	12.9	287	80.8	279
Non-Remote	51.7	304	12.1	305	12.0	299	76.5	295

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Survey Question: "In the past 12 months have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, for any of the following reasons?"
To check the condition of this house.
To make or supervise repairs.
To verify income.
2 Excludes renters whose primary income is welfare since incomes of tenants on social assistance may be confirmed by contacting the responsible agency.
3 Survey Question: "When was your mortgage/rental payment last reviewed or changed?" (recent contact defined as within the last 12 months or between one and two years ago).
"-" refers to fewer than 20 cases.

A further indicator of the level of effort being expended by members of the F/P/T partnership to counsel Rental clients is the extent to which those occupants in arrears are being visited or contacted about budgeting and making their payments compared to those not in arrears. A greater effort should be made to counsel those already behind in their payments. As shown in Table 7.10, there have been significantly more renters who have been counselled about budgeting and making rent payments who are currently in arrears compared to other renters. The trend is evident both nationally and on a

provincial basis. This shows that counselling efforts are being directed to those who could benefit from this assistance.

TABLE 7.10
PERCENTAGE OF RENTERS COUNSELLED[1]
BY ARREARS STATUS
BY PROVINCE/TERRITORY[2]

ARREARS STATUS	COUNSELLED %	SAMPLE SIZE n
ALL RENTERS	2.9	565
IN ARREARS	7.2	71
Manitoba	7.9	47
Saskatchewan	6.8	24
NOT IN ARREARS	2.2	494
Quebec	1.6	206
Manitoba	2.2	118
Saskatchewan	0.0	66
Alberta	0.0	24
N.W.T.	6.3	80

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: [1] In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to discuss budgeting and payments?

[2] Provinces with less than 20 cases in the sample are not shown.

As shown in Table 7.11, close to one-half of lease-purchase clients indicated they were contacted for the purpose of having their dwelling condition checked. Administrative duties, such as verifying income or making repairs, were undertaken typically for more than one-quarter of cases. Rents, however, were reported by more than 80 per cent of lease-purchase clients as having been recently reviewed or adjusted. Compared to the administration of RNH rental properties, a higher percentage of lease-purchase units have been visited or the residents otherwise contacted on the basis of all indicators checked.

TABLE 7.11
PERCENTAGE OF LEASE-PURCHASE CLIENTS RECENTLY CONTACTED[1] BY RNH DELIVERY STAFF

REASON FOR CONTACT	%	n
Checking house condition	52.2	80
Making repairs	26.2	80
Verifying income[2]	26.5	66
Review/adjust rent[2]	82.7	48

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
[1] Contacted by staff from the government, a housing authority, or a delivery agent in the past 12 months. No distinction made for remote/non-remote because fewer than 20 cases in remote areas.
[2] Excludes lease-purchase clients whose primary income is welfare since incomes of tenants or social assistance may be confirmed by contacting the responsible agency.

Similar to the analysis for rental property administration procedures, the extent to which lease-purchase clients in arrears were counselled about budgeting and making payments was reviewed. The results are shown in Table 7.12. Because of the very low arrears rate to date, all counselling efforts have been directed to lease-purchase clients not behind in their payments. The pattern of counselling at this point in time also suggests that this activity is having the effect of deterring clients from falling behind in their payments simply because of the relatively high level of effort being put into counselling.

Tenants, property managers with provincial housing agencies and staff of Local Housing Associations/Authorities in the Northwest Territories were asked how satisfied they were with the management of their RNH rental housing with respect to three key indicators: repairing units, providing security against crime and vandalism and handling tenant requests quickly. Overall, it was found that tenants and property managers were not in agreement about how well RNH rental housing was being administered.

TABLE 7.12
PERCENTAGE OF LEASE-PURCHASERS COUNSELLED[1]
BY ARREARS STATUS

	COUNSELLED %	SAMPLE SIZE n
ALL LEASE-PURCHASERS	16.0	76
ARREARS STATUS		
In arrears	-	3
Not in arrears	16.8	73

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: [1] "In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to discuss budgeting and payments?"
"-" indicates less than 20 cases.

The percentage of tenants satisfied with the management of their housing was highest in Quebec, followed by renters in the Northwest Territories, then Manitoba and lastly by rental occupants in Saskatchewan, as shown in Table 7.13. The percentage of tenants satisfied is significantly lower in remote versus non-remote areas, however. Further analysis, the results of which are not shown, indicated that there is a similar rural/remote pattern among all provinces/territories with rental housing. Tenants in all provinces were fairly consistent in their rating of each administration indicator. The largest difference was found in the Northwest Territories: the greatest percentage of tenants were satisfied with how the Local Housing Authorities/Associations made repairs.

Property managers tended to disagree with tenant satisfaction ratings, in one situation being more negative, and in two cases being more positive concerning how well rental properties were being administered. In Manitoba, CMHC staff were more harsh than were tenants on all three indicators. There was no majority agreement among Manitoba provincial housing staff, however regarding the three indicators. Employees with CMHC in Saskatchewan were generally satisfied with the province's management of rental housing in the province. The fact that CMHC is only responsible for managing units committed and occupied after mid-1987 may account for the direct contrast to the views of tenants. No response was given by provincial staff who manage the units delivered prior to September 1987.

TABLE 7.13
SATISFACTION[1] WITH RNH RENTAL PROPERTY MANAGEMENT

PROVINCE/TERRITORY BY TYPE OF RESPONDENT[2]	PROPERTY MANAGEMENT INDICATORS					
	MAKING REPAIRS		PROVIDING SECURITY		HANDLING REQUESTS QUICKLY	
	%	n	%	n	%	n
QUEBEC						
Tenants	73.7	111	78.9	145	71.7	108
SHQ	-		-		-	
CMHC	-		-		-	
MANITOBA						
Tenants	59.6[3]	84	60.8[3]	68	57.5[3]	75
MHRC	-[3]	21	-[3]	22	-[3]	2
CMHC	no	1	no	1	no	1
SASKATCHEWAN						
Tenants	34.3	46	24.9	31	32.5	44
SHC	-		-		-	
CMHC	yes	3	yes	3	yes	3
N.W.T.						
Tenants	70.1	54	64.8	46	63.3	50
LHA Managers	yes	8	no	4	yes	8
NWTHC	yes	2	yes	2	yes	2
CMHC	*		*		*	
LOCATION						
Remote	44.9	138	46.0	131	41.5	126
Non-remote	68.3	182	64.8	170	65.8	174
CANADA	56.0	320	55.6	301	53.0	300

SOURCE: RNH Client Survey, RNH LHA Survey, RNH Government Staff Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
[1] Percentage satisfied refers to level 4 or 5 on a 5-point scale where 1 equals "Not at all satisfied" and 5 equals "very satisfied". "Yes/No" refers to majority of program officer respondents being satisfied or not.
[2] Provinces with fewer than 10 tenant respondents were omitted from the analysis. Other respondent types include LHA Manager (Northwest Territories only), Active Party staff, and CMHC staff.
[3] Respondent answers evenly divided between satisfied and dissatisfied: i.e. inconclusive.
"-" refers to question not answered.
"*" refers to completed questionnaires not received.

Opinions of managers matched those of tenants to a greater extent in the Northwest Territories. Although comparative information was not provided by the CMHC office in the Territories, both LHA staff and those with the territorial housing corporation agreed with over 70 per cent of tenants that they were satisfied with the extent to which rental repairs were undertaken which was the highest rated indicator. The same agreement was reported among these groups regarding management efficiency in handling tenant requests. Lastly, although almost two-thirds of tenants and the staff with the territorial housing corporation were satisfied with the provision of security to tenants, LHA managers were generally not satisfied.

A third indicator of rental/lease-purchase housing manager effectiveness is the condition of their respective portfolios (Tables 7.14 and 7.15).

TABLE 7.14
CONDITION OF RNH RENTAL INVENTORY: INSPECTOR RATINGS

	RENTAL HOUSING NEED FOR REPAIR			
INSPECTORS' RATING BY PROVINCE/TERRITORY	**REGULAR MAINTENANCE %**	**MINOR REPAIRS %**	**MAJOR REPAIRS %**	**SAMPLE SIZE n**
Quebec	70.7	25.0	4.3	209
Manitoba	67.3	30.6	2.1	171
Saskatchewan	54.1	41.9	4.0	98
N.W.T.	51.2	42.7	6.1	82
CANADA	57.6	37.9	4.5	583

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

As shown in Table 7.14, rental units in Quebec were in the best condition, followed by housing in Manitoba, Saskatchewan and finally by the Northwest Territories, based on the percentage requiring only regular maintenance. The top ranking of Quebec may be partly explained by the fact that all of the units are of post-1985 construction. However, although almost all units in Manitoba are pre-1986, almost 70 per cent of them require only regular maintenance.

An important factor to control when using the condition of the stock as a measure of the effectiveness of rental stock management is the age of the housing. Although the rental inventory in both the Northwest Territories and in Quebec was built primarily in the post-1985 period, the condition of the

units in Quebec appear much better overall compared to the Northwest Territories. Property management may therefore be a contributing factor to the lower quality of LHA administered housing. This conclusion is supported by the earlier finding that LHA training in the area of administration is desirable. In addition, given that a greater percentage of Manitoba rental housing is pre-1985 but that the need for repair is lower compared to the newer stock in the Northwest Territories also suggests that improved property management in the Northwest Territories is needed to address the repair problem. The rental housing in Manitoba and Saskatchewan was built almost entirely prior to 1985. The similar ages of the stock suggests that property management practices, along with other factors, may be a reason for the differences in the condition of the units.

Regarding the lease-purchase portfolio, although all of the units have been built since 1986, the percentage judged to be in need of major repairs is double that of the rental inventory. This indicates that part of the problem may be design or construction related or the inadequate maintenance practices by tenants rather than being due to the wear and tear that occurs over time. The lease-purchase dwellings in British Columbia are in better condition overall compared to Ontario and to the rental portfolio, however.

TABLE 7.15
CONDITION OF RNH LEASE-PURCHASE INVENTORY: INSPECTOR RATINGS

	LEASE-PURCHASE HOUSING NEED FOR REPAIR			
INSPECTORS' RATING BY PROVINCE	**REGULAR MAINTENANCE %**	**MINOR REPAIRS %**	**MAJOR REPAIRS %**	**SAMPLE SIZE n**
P.E.I.	-	-	-	4
Nova Scotia	-	-	-	8
New Brunswick	-	-	-	3
Ontario	51.5	35.9	12.6	30
Manitoba	-	-	-	6
British Columbia	81.6	16.4	2.0	24
CANADA	62.1	28.9	9.0	75

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

In addition to considering inspector ratings as an indicator of property management practices, a comparison is made of the percentage of tenants reporting having the condition of their

dwelling checked or repairs having been made in the past year. As illustrated in Table 7.16, occupants living in units in need of major repairs were less likely to have been visited or contacted by the partnership as those living in dwellings in better condition. The percentage of units in need of major repairs being visited or contacted is significantly less than their representation within the overall distribution of rental units by need for repair. Therefore, they are being treated only somewhat below the minimum extent that is deserved.

TABLE 7.16
PERCENTAGE OF RENTERS VISITED OR CONTACTED[1] RECENTLY BY DWELLING REPAIR NEED

	VISITED/ CONTACTED %	SAMPLE SIZE n
ALL RENTERS	52.6	591
NEED FOR REPAIR		
Regular maintenance	50.7	328
Minor repairs	54.6	234
Major repairs	65.6	29

SOURCE: RNH Physical Condition Survey and RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] "In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to check the condition of this house or to make or supervise repairs?"

By way of comparison, the extent to which lease-purchase units in need of repairs were checked or repairs made was examined. The findings are shown in Table 7.17. In general, there is evidence to suggest that occupants of units in need of repairs are being contacted to a greater extent than others. In fact, as reported previously, over one-quarter of lease-purchase clients state repairs were made recently to their unit. This table demonstrates that attention is being given more to units needing minor repairs, because the required work has been completed and so there are no units needing major repairs. Also, given that lease-purchase units are relatively new, most major repairs are likely delivery deficiencies eligible for correction quickly under warranty provisions.

TABLE 7.17
PERCENTAGE OF LEASE-PURCHASERS VISITED OR CONTACTED[1] RECENTLY BY DWELLING REPAIR NEED

	VISITED/ CONTACTED %	SAMPLE SIZE n
ALL LEASE-PURCHASERS	57.3	75
NEED FOR REPAIR		
Regular maintenance	58.1	46
Minor repairs	65.7	22
Major repairs	-	7

SOURCE: RNH Physical Condition Survey and RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] "In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to check the condition of this house or to make or supervise repairs?"
"-" indicates less than 20 cases.

B. Effectiveness of RNH Homeowner Counselling[1] and Administration of Ownership Housing

Just as for RNH tenants, owner-occupants of RNH housing are to receive counselling in order to first acquaint them with their responsibilities as homeowners and second to help them meet these obligations during the time they live in their unit. Ongoing administrative functions include, for the RNH Regular program only, verifying incomes and adjusting payments as required and inspecting the physical condition of dwellings requiring post-occupancy repairs. This section examines the record of the housing agencies in undertaking pre- and post-occupancy counselling and follow-up administrative duties as reported by clients. The value of counselling is estimated by reviewing the preferences among owners for more information. The analysis of client counselling and property

---

[1] The homeownership programs reviewed include the RNH Regular (repayment) program, the RNH Demonstration program, the Homeownership Assistance Program (HAP) and the Basic Shelter Program. The Emergency Repair Program (ERP) for homeowners requires counselling to ensure prospective clients fully understand program eligibility criteria rather than providing them with home care information. Follow-up administration work is not required.

administration related to the Basic Shelter Program is undertaken together with the RNH Regular Homeownership program as the operating procedures for the two programs are the same.

1. Homeownership Counselling Activity

Three measures are employed to assess the degree to which counselling has been undertaken among RNH homeowners: whether owners report ever having received counselling, the extent to which they have been visited or contacted in 1988 for this purpose, and whether the counselling they ever received was before, at the time of, or after occupancy, as applicable by program.

The requirements for homeowner counselling under the RNH Regular program are generally the same as apply to the RNH Rental program, in terms of subject areas and timing. In addition to the provision of information and advice on home maintenance, however, counselling is to be provided on the undertaking of minor repairs and of major repairs where the damage is not due to defects in workmanship during construction.[1] The purpose of financial management counselling for homeowners is the same as that for renters, to help RNH clients meet their monthly payments, although in the case of owners, the consequence of default is not only the loss of their accommodation but the forfeiting of any equity contribution they may have made.

Owners were asked whether they had received counselling at all since they became RNH clients. As shown in Table 7.18, the percentage reporting in the affirmative was very similar, ranging from 10 to 20 per cent with the exception of budgeting which was lower. There were, however, differences in the extent to which owners received counselling, between provinces, by remote/non-remote location and by length of occupancy. Regionally, the percentage of owner-occupants who stated they ever received counselling was lowest in the Northwest Territories and highest in Nova Scotia. Provinces where the percentage of regular owners ever contacted or visited for this purpose was relatively high include Prince Edward Island, New Brunswick, Ontario and British Columbia.

Owners in non-remote areas were more likely to have been advised about their tenure responsibilities as were recent

---

[1] Where there is a provincial home warranty program, the cost of repairing eligible defects is met by that program. Funding for post-occupancy repairs is provided by the F/P/T Partnership to correct those defects which are not covered under the warranty program. In addition, assistance is also available for remedial repairs from the F/P/T Partnership.

owners. The percentage of owners who reported having ever been counselled was the lowest for budgeting, a pattern consistent on an interprovincial, locational and length of occupancy basis.

TABLE 7.18
PERCENTAGE OF RNH HOMEOWNERS[1] EVER RECEIVING COUNSELLING BY PROVINCE/TERRITORY AND BY LOCATION AND LENGTH OF OCCUPANCY

	TYPE OF COUNSELLING[2,3]				
	HOME MAINTENANCE % (n=2,047)	HOME REPAIR % (n=2,046)	BUDGETING % (n=2,046)	HOUSE PAYMENTS % (n=2,043)	HOUSE INSURANCE % (n=2,036)
ALL	19.4	18.9	10.7	18.8	18.6
PROVINCE/TERRITORY					
Newfoundland	10.1	14.1	1.9	16.4	20.7
P.E.I.	21.5	21.6	12.5	15.6	18.5
Nova Scotia	30.3	30.6	25.0	28.4	31.1
New Brunswick	20.1	20.2	9.2	25.1	17.0
Quebec	N/A	N/A	N/A	N/A	N/A
Ontario	28.5	22.3	15.2	17.7	21.7
Manitoba	18.6	19.4	6.9	11.7	8.4
Saskatchewan	10.5	11.6	3.7	17.1	10.8
Alberta	17.6	14.4	11.8	12.9	15.5
B.C.	20.6	21.9	14.8	21.0	22.0
N.W.T.	5.7	4.6	1.4	10.0	17.3
Yukon	-	-	-	-	-
LOCATION					
Remote	9.4	13.1	4.6	15.8	12.1
Non-remote	21.5	20.1	12.0	19.4	19.9
LENGTH OF OCCUPANCY					
1 year or less	39.7	34.7	21.4	26.7	30.7
More than 1 yr.	18.2	18.0	10.1	18.3	17.9

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: 1 Includes RNH and Basic Shelter owners; excludes RNH demonstration and HAP owners.
2 Owners indicating they have ever received this type of information/advice. Those indicating "Don't know/can't remember" are not included.
3 Received from the government, a housing authority or a delivery agent.
"-" indicates fewer than 20 cases.

The second line of evidence concerning the effectiveness of homeowner client counselling includes a review of whether owners have been contacted by RNH staff in the past 12 months, and for what reason, and if there are any differences between owners receiving recent counselling by location or by length of occupancy. As shown in Table 7.19, about five per cent of all owners were contacted in the past 12 months by government staff to discuss home upkeep or budgeting. The percentage of homeowners reporting having been contacted recently concerning dwelling upkeep is especially low, that is, under two per cent, in Manitoba, Alberta and the Northwest Territories. Provinces slightly above the national rate include Newfoundland, New Brunswick and Ontario. The rate of home upkeep counselling is higher in remote locations, especially for counselling on money management.

Regarding the provision of budgeting advice, the Atlantic provinces, with the exception of Nova Scotia demonstrate a better counselling record than elsewhere, with the exception of Saskatchewan. Double the percentage of RNH Homeowners in remote areas report having been contacted compared to their rural counterparts.

TABLE 7.19
PERCENTAGE OF RNH HOMEOWNERS[1]
RECENTLY CONTACTED[2] BY RNH GOVERNMENT STAFF/AGENTS
BY TYPE OF REASON, BY
PROVINCE/TERRITORY AND BY LOCATION

	DISCUSS HOME UPKEEP		DISCUSS BUDGETING/ MAKING PAYMENTS	
	%	n	%	n
ALL	4.2	2,044	5.6	2,017
PROVINCE/TERRITORY				
Newfoundland	6.3	317	11.0	314
Prince Edward Island	3.3	30	9.4	32
Nova Scotia	3.3	186	2.6	185
New Brunswick	5.2	225	9.4	224
Quebec	N/A		N/A	
Ontario	6.9	210	4.2	201
Manitoba	0.5	200	2.4	200
Saskatchewan	3.9	330	7.2	317
Alberta	1.0	301	3.5	302
British Columbia	2.7	189	0.7	189
Northwest Territories	1.9	49	0.0	46
Yukon	-	7	-	7
LOCATION				
Remote	5.0	573	10.2	568
Non-remote	4.0	1,471	4.7	1,449

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes RNH and Basic Shelter owners; excludes RNH demonstration and HAP owners.

[2] Contacted by the government, a housing authority or a delivery agent in the past 12 months.

"-" indicates fewer than 20 cases.

A review of the timing of counselling to homeowners, reported in Table 7.20, confirmed that in most provinces a majority received information about their responsibilities prior to occupancy and after moving in. Over one-third received counselling at the time they took occupancy. Regardless of their remote/non-remote location, owners were more likely to obtain advice and information related to their tenure obligations before and after occupancy rather than immediately upon moving in.

TABLE 7.20
PERCENTAGE OF RNH HOMEOWNERS[1]
BY TIME WHEN INFORMATION/ADVICE[2] RECEIVED
BY PROVINCE/TERRITORY AND LOCATION

	TIME WHEN INFORMATION/ADVICE RECEIVED		
	BEFORE MOVING IN % (n=488)	AT TIME MOVED IN % (n=457)	AFTER MOVING IN % (n=504)
ALL	61.4	35.8	58.1
PROVINCE/TERRITORY			
Newfoundland	40.9	26.2	73.3
P.E.I.	-	-	-
Nova Scotia	66.6	-	32.0
New Brunswick	51.1	32.0	43.9
Quebec	N/A	N/A	N/A
Ontario	83.3	57.0	73.4
Manitoba	-	81.0	88.1
Saskatchewan	51.7	38.8	62.8
Alberta	71.8	31.0	37.0
British Columbia	76.9	73.9	79.9
N.W.T.	-	-	-
Yukon	-	-	-
LOCATION			
Remote	46.9	28.5	71.9
Non-remote	63.8	36.9	55.6

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Excludes RNH Demonstration, HAP; includes RNH Regular Homeowner and Basic Shelter housing.

[2] Includes home maintenance or repairs, or budgeting or making shelter payments or on getting house insurance.

"-" indicates fewer than 20 cases.

The final aspect reviewed was the rating of the value of the information by RNH Homeowners who received counselling advice and their additional needs, as illustrated in Table 7.21. Slightly under half of owner-occupants agreed that the information they received was useful to them. There was a preference among more than one-third of owners for more repair information. Less than 20 per cent of households stated the need for more budgeting-related information, however. When compared to the responses of rental and lease-purchase clients, homeowners are least likely to agree and most likely

to disagree with the statement that information received was very useful, and that they needed more information about budgeting and making payments.

TABLE 7.21
PERCENTAGE OF RNH HOMEOWNERS[1] BY RATING OF VALUE OF INFORMATION/ASSISTANCE RECEIVED OR REQUIRED

STATEMENTS ABOUT INFORMATION/ASSISTANCE RECEIVED OR REQUIRED	AGREE[2] %	NEUTRAL %	DISAGREE %	TOTAL n
I found the information received to be very useful.	47.2	21.1	31.7	849
I feel that I need more information about budgeting and making payments.	18.6	14.1	67.3	1,826
I feel that I need more information about making house repairs.	37.5	14.8	47.7	1,806

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Excludes RNH Demonstration, HAP; includes RNH Homeowner and Basic Shelter housing.

[2] Somewhat or strongly agree; i.e. level 4 or 5 on 5-point scale, neutral i.e. level 3; disagree i.e. level 1 or 2.

2. Homeownership Follow-up Administration

In support of the counselling they undertake with homeownership clients before and in the immediate months after occupancy, housing agencies or their agents are to continue to contact owners on an annual basis to verify incomes, and review and adjust mortgage payments, where necessary. In addition, monitoring of the physical state of repair of units and related counselling on maintenance and repairs is to be conducted as regularly as deemed appropriate by the Active Party. Together, these follow-up administrative activities are to help ensure owners' payments are in line with their current income and that they are keeping their dwelling in good condition.

As shown in Table 7.22, the percentage of owners who report being contacted in the past 12 months regarding the condition

of their unit ranges from 16.7 to 50.3 per cent. Overall, slightly more than one-third of RNH ownership units have been checked recently, according to occupants. This is a relatively high percentage, considering annual checks are required only at the discretion of the Active Party. Also, the pattern by province generally reflects the distribution of units by repair need. The administrative function of making/supervising repairs refers to both work done to complete the unit or attend to warranty work as well as post-occupancy repair work. An amount of up to 25 per cent of the original value of the unit may be authorised for repairs to correct defects in workmanship or materials, which is not covered by the respective home warranty program. Overall, the percentage of owners reporting post-occupancy repairs is significantly lower across the country than those stating the condition of their units was verified, an indication that not all units require this type of attention.

Income verification, a key component for adjusting household shelter payments, was undertaken also to a lesser extent compared to checking house condition with fewer than one-quarter of owners reporting having had their income verified recently. Those in the east were more likely to have been visited or contacted for this purpose than owners in central and western parts of the country.

As was found for renters, the percentage of RNH homeowners who reported having their house payments reviewed or adjusted recently was much higher than the percentage reporting having had their incomes verified during the same period. The fact that income verification may occur via directly contacting an owner's employer may account for this difference. The high rate for payment review/adjustment was generally consistent throughout the country, although it was somewhat lower in Manitoba and Saskatchewan.

Overall, it has been found that follow-up administration has been undertaken at very different rates, depending upon the function regarding the management of the RNH homeownership and Basic Shelter stock. However, RNH staff in Prince Edward Island, Nova Scotia and New Brunswick have been the most successful in undertaking follow-up visits or making post-occupancy contacts for checking dwelling condition or making/supervising repairs or verifying income or reviewing/adjusting payments.

TABLE 7.22
PERCENTAGE OF RNH HOMEOWNERS[1]
RECENTLY CONTACTED BY RNH GOVERNMENT STAFF/AGENT[2]
BY TYPE OF REASON AND PROVINCE/TERRITORY

	CHECK CONDITION		MAKE/ SUPERVISE REPAIRS		VERIFY INCOME[3]		REVIEW/ ADJUST PAYMENT[3]	
	%	n	%	n	%	n	%	n
ALL	35.7	2,050	7.3	2,043	22.8	2,013	91.0	1,975
PROVINCE/TERRITORY								
Newfoundland	34.0	317	6.8	317	50.0	313	89.0	298
P.E.I.	50.3	32	21.7	32	46.4	32	96.6	31
Nova Scotia	42.1	186	8.7	185	29.7	184	95.6	184
New Brunswick	50.0	224	11.2	224	38.5	222	95.5	219
Quebec	N/A		N/A		N/A		N/A	
Ontario	35.7	210	5.6	209	7.1	201	93.6	208
Manitoba	34.7	201	9.5	200	3.9	198	89.2	182
Saskatchewan	39.0	258	8.6	332	21.7	317	84.9	321
Alberta	22.6	301	3.6	301	13.5	304	91.4	297
B.C.	16.7	189	2.6	186	4.5	189	89.0	185
N.W.T.	27.8	50	7.4	50	7.1	46	91.3	44
Yukon	-	7	-	7	-	7	-	6
LOCATION								
Remote	30.1	511	5.3	508	32.4	386	79.8	367
Non-Remote	37.0	1,464	7.8	1,460	20.5	1,026	88.7	1,030

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Includes RNH and Basic Shelter owners; excludes RNH demonstration and HAP owners. Occupancy of more than one year.
2 Survey question: "In the past 12 months have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, for any of the following reasons?".
To check the condition of this house.
To make or supervise repairs.
To verify income.
To discuss home upkeep.
To discuss budgeting and payments.
3 Excludes homeowners whose primary income is welfare since incomes of owners on social assistance may be confirmed by contacting the responsible agency directly.
"-" refers to fewer than 20 cases.

As measures of the extent to which follow-up counselling efforts were being directed to those requiring this assistance, a comparison was made of those counselled by whether or not they were in arrears and by the repair need of their unit. As shown in Table 7.23, homeowner counselling rates are low

regarding budgeting advice, generally under six per cent overall. Those in arrears, however, were slightly more likely to have been counselled compared to those not in arrears or to all owners in general. In provinces with the highest arrears rates, that is, Newfoundland, New Brunswick and Saskatchewan, the percentage counselled who are in arrears is generally higher compared to the rate for those not in arrears. These results show, therefore, that as for RNH renters, counselling has tended to be directed more to those in need of this advice.

Of those living in dwellings requiring major repairs, the percentage who have received counselling on home upkeep is higher than for those living in homes requiring either major repairs or only ongoing maintenance. As for arrears counselling, advice on repairs tends to be directed to those who require it. The exceptions to this pattern occur in Saskatchewan, and Alberta (Table 7.24) where a higher percentage of owners who live in units needing minor repairs report being counselled versus owners with better or worse housing. These results suggest that advice on home care is not being as well directed to those in need of such advice as is advice on budgeting.

TABLE 7.23
PERCENTAGE OF HOMEOWNERS COUNSELLED[1]
BY ARREARS STATUS

ARREARS STATUS	COUNSELLED %	SAMPLE SIZE n
ALL OWNERS	5.6	2,017
IN ARREARS	8.3	685
Newfoundland	13.7	137
P.E.I.	-	1
Nova Scotia	4.7	52
New Brunswick	8.2	77
Quebec	N/A	N/A
Ontario	3.3	53
Manitoba	4.1	96
Saskatchewan	9.9	193
Alberta	6.6	80
B.C.	1.0	41
N.W.T.	0.0	30
Yukon	-	4
NOT IN ARREARS	4.6	1,252
Newfoundland	9.7	177
P.E.I.	9.7	31
Nova Scotia	2.3	133
New Brunswick	10.1	146
Quebec	N/A	N/A
Ontario	4.3	148
Manitoba	1.5	104
Saskatchewan	4.5	124
Alberta	2.6	222
B.C.	0.6	148
N.W.T.	0.0	16
Yukon	-	3

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division CMHC, 1989.

NOTES: [1] "In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to discuss budgeting and payments"?
"-" refers to fewer than 20 cases.

TABLE 7.24
PERCENTAGE OF HOMEOWNERS CONTACTED OR VISITED[1]
BY DWELLING REPAIR NEED

	COUNSELLED %	SAMPLE SIZE n
REGULAR MAINTENANCE	4.9	896
Newfoundland	8.1	120
P.E.I.	-	11
Nova Scotia	3.6	84
New Brunswick	2.2	81
Quebec	N/A	N/A
Ontario	8.5	142
Manitoba	2.6	42
Saskatchewan	3.0	127
Alberta	0.7	187
B.C.	5.8	76
N.W.T.	0.0	26
Yukon	-	0
MINOR REPAIRS	2.9	815
Newfoundland	2.7	105
P.E.I.	-	15
Nova Scotia	2.4	61
New Brunswick	6.6	120
Quebec	N/A	N/A
Ontario	0.8	44
Manitoba	0.0	117
Saskatchewan	4.0	181
Alberta	2.2	83
B.C.	0.0	70
N.W.T.	-	15
Yukon	-	4
MAJOR REPAIRS	5.6	294
Newfoundland	8.3	87
P.E.I.	-	4
Nova Scotia	4.7	38
New Brunswick	-	24
Quebec	N/A	NA
Ontario	7.3	21
Manitoba	0.0	37
Saskatchewan	-	18
Alberta	0.0	22
B.C.	0.9	32
N.W.T.	-	8
Yukon	-	3

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] "In the past 12 months, have you been visited or contacted by a housing officer or housing association staff member, other than the CMHC inspection connected with this study, to discuss home upkeep?"
"-" indicates less than 20 cases.

3. Government Staff Views About Counselling

Lastly, the views of RNH government staff are discussed with respect to how effective counselling has been in achieving the intended impacts on client behaviour, regarding the suitability of the required frequency and timing of the activity and the usefulness of CMHC counselling publications now available, as another source of evidence on the level and usefulness of counselling activities.

First, on the question of the achievement of the intended results of counselling, CMHC and provincial staff are generally of the opinion that this activity has been useful for reducing and preventing arrears as well as increasing maintenance knowledge and practices. The area where there was some disagreement, however, involved increasing clients' knowledge about maintenance and maintenance practices. Provincial staff in Newfoundland, New Brunswick and Manitoba were generally agreed that counselling on maintenance was not helpful in this regard. In both cases, CMHC staff held the opposite opinion, that counselling has been useful for addressing maintenance awareness and practices among clients overall. The divergent views may be a result of differences in the familiarity of each group with client practices. In each case, the province is the Active Party (except in Manitoba where this responsibility is divided along geographical lines).

Secondly, RNH staff provided their rating of the suitability of the frequency of counselling required and the timing of making contact with clients by stage of delivery. Opinions were divided about the value of client counselling with respect to these indicators. Provincial staff in Newfoundland, New Brunswick and Manitoba rated the frequency and timing of counselling as required under the programs as not suitable. Open-ended comments refer to the need for more staff, more counselling training among staff and more planning in deciding how and when counselling is to be undertaken.

CMHC staff were generally more supportive of the current counselling requirements in terms of the frequency and timing of the activity. A majority of those replying from Nova Scotia, Ontario and British Columbia were not satisfied, however. Comments from staff in one of these areas indicated that Stage III (post-occupancy) counselling was rarely completed, while another suggested it was because clients do not attend counselling workshops.

Third, staff were asked to rate the usefulness of CMHC publications, specifically the Home Care publication and the Client Counselling Handbooks, in advising clients. Of those respondents who reported using the material, most assessed them as somewhat to very useful. Provincial housing agencies indicating they were not used included: Newfoundland,

Saskatchewan, Alberta (Handbooks only) and the Northwest Territories. CMHC program officers in Quebec indicated they did not use either publication.

In sum, both provincial and CMHC staff feel that the counselling which has been undertaken has been helpful for both reducing or preventing arrears and for making clients more aware of increasing their knowledge and level of effort in maintaining their dwelling. However, there are mixed views on how often counselling should be undertaken and at what stage with respect to occupancy. The concerns about staff levels suggest offices may be unable to comply with the guidelines on offering counselling on a regular basis simply due to insufficient staff. This means that only some clients in need of information or advice receive it. Lastly, CMHC publications which are suggested as counselling aids, although employed and rated as useful by CMHC staff, are less well known or used by the provincial or territorial agencies.

C. Summary

1. Effectiveness of Rental/Lease-Purchase Counselling and Property Administration

a) Rental Client Counselling

Nationally, less than 15 per cent of renters report they have ever received information or advice concerning their tenure responsibility of making rent payments while only about 6 per cent report ever having been counselled on budgeting. The rate is less than six per cent for the past 12 months, when examining counselling in these two areas combined. Most counselling is undertaken either prior to or after occupancy. A majority of tenants agreed that the counselling they received was very useful and most felt more information was not necessary, although one-third felt more information was necessary. Overall, advice on budgeting or making payments has been directed more to tenants in arrears than to those not in arrears, indicating that this advice is being given to those who can most benefit.

b) Lease-Purchase Client Counselling

Because of the emphasis on gearing them for homeownership, about 40 per cent of lease-purchase clients reported ever having received counselling, a significantly higher rate compared to renters. Only about 23 per cent of lease-purchase clients reported ever being contacted about budgeting, however. The rate drops to under 15 per cent for the past year. Just as for renters, contact rates were higher at both the pre- and post-occupancy stages versus at the time of moving in. Most lease-purchasers rated the information they received as very useful, with about one-third requesting more advice about making home repairs.

c) Tenant Property Administration

The condition of almost 50 per cent of rental units has been checked in the past year, compared to less than 15 per cent for making repairs and about 16 per cent for verifying tenant incomes. However, almost 80 per cent of tenants report that their rent was reviewed/adjusted recently, suggesting that the practice of confirming incomes via employers is likely quite widespread. The pattern of visiting rental units for repair purposes is similar across the country except in the Northwest Territories where repairs have been reported by more than one-quarter of tenants.

Tenants and property managers tended to disagree on how well units are being managed. In Saskatchewan, where only about one-third of rental clients reported being satisfied with the making of repairs, the provision of security or with how quickly their requests had been handled, the CMHC staff were generally satisfied with how the province has managed the portfolio. Nationally, the physical condition of the RNH rental stock mirrors the tenant satisfaction ratings: more than 50 per cent of units in all provinces were in need of maintenance only. It was generally the case that follow-up payment counselling has been administered to a greater extent to renters in arrears versus those not in arrears. The same pattern is not true for renters who live in units requiring repairs. Those not living in units requiring repairs are just as likely to have been visited or contacted to have their units' condition checked as those in units requiring repairs.

d) Lease-Purchase Property Administration

Property administration efforts have been more concerted with respect to the maintenance of lease-purchase housing and the provision of advice, verification of incomes, and payment reviews or adjustments for lease-purchase clients compared to that for rental administration. The physical condition of over 50 per cent of lease-purchase units has been checked recently according to occupants. Although all of the units are relatively new, the percentage in need of major repairs is high at nine per cent compared to under one-half that level for the rental stock. But, attention has been given to address the problem. Over one-quarter of lease-purchase units have had either major or minor repair work done. Although arrears rates are virtually zero among this client group, related counselling has been undertaken recently with about 16 per cent of occupants. Income verifications are also done to a much greater extent than for renters in that over 16 per cent reported having been recently contacted or visited for this purpose. Furthermore, over 80 per cent of lease-purchase clients stated that their rent payment had been reviewed or revised recently, about one-quarter more than for the renter population.

2. Effectiveness of Homeowner Counselling and Property Administration

a) RNH Regular and Basic Shelter Owner Counselling

Advice and information on home care and making shelter payments have been provided to about one in five RNH owners, according to clients. The contact rate is about 20 per cent regardless of the type of counselling except for budgeting which is about 11 per cent of homeowners who were ever visited or contacted. The percentage of clients counselled is higher overall in the Atlantic provinces, especially in Nova Scotia, in non-remote areas, and for those occupying their unit for under one year. When examining the level of counselling within the past year, the rate falls significantly to under six per cent, although it is slightly above 10 per cent in remote areas. Of those counselled, an equal proportion, about 60 per cent, were provided advice on maintenance, repairs, budgeting or making mortgage payments prior to versus subsequent to occupancy. Close to 50 per cent of clients counselled rated the information as very useful. There was a marked preference for more information on making house repairs compared to advice on budgeting or making mortgage payments. It was found that in provinces with the highest arrears rates, the percentage of owners counselled about budgeting or making shelter payments was also relatively higher than for those not in arrears. The percentage of owners who stated they had been given home repair advice recently and living in units needing repairs was higher than for those not counselled and living in units needing repairs except in three provinces.

b) Homeownership Follow-up Administration

Over one-third of RNH owners were contacted in the past 12 months regarding the physical condition of their unit, and about 23 per cent of clients reported having their incomes verified. However, over 90 per cent of owners reported that their mortgage payment had been reviewed or adjusted in the past year, but less than 25 per cent said their incomes had been checked recently, indicating that incomes are likely being verified in other ways, such as through employers. The incidence of homeowners stating that repairs were made to their dwelling was typically under 10 per cent. Regarding how well counselling efforts were directed to those in arrears or whose units needed repairs, it was found that attention was given better to the group in arrears versus not in arrears. Only about five per cent of all owners were advised about budgeting or making payments. The rate was only slightly higher at seven per cent for those behind in their payments. Visits or contacts were made with 6 per cent of RNH owners of dwellings in need of major repairs to discuss their home upkeep compared to about 3 per cent of those whose units were in need of minor repairs.

c) Government Staff Views about Counselling

CMHC and provincial RNH staff believe that their counselling efforts have positively influenced client maintenance, repair and payment behaviour. Opinions were divided about whether the frequency and timing requirements for counselling were appropriate. Some, however, expressed the need for additional staff and more advance planning in order to increase the numbers served and to improve the quality of counselling. CMHC counselling materials were rated as useful but were less well known or utilised by the provincial partners.

VIII RNH PROGRAM OWNER MAINTENANCE AND REPAIR PRACTICES[1]

Chapter III shows that the RNH homeowner stock is in a poorer state of repair than the RNH rental stock, even after building age has been controlled. This observation raises the issue of whether government can continue to assign responsibility for home maintenance and repair to the client and still hope to achieve its housing adequacy objectives. The concern is that the RNH homeowner clients may not have the resources and/or knowledge and skills necessary to properly maintain their dwellings. Resolution of this issue is clouded by claims that the main reason for the units' rapid deterioration is the poor quality of construction and design, not the negligence of the occupants with respect to their maintenance responsibilities.

Government has responded to the problem of the declining quality of the RNH housing stock by instituting a client counselling program. This is premised on the view that the main cause of unit deterioration is the failure of occupants to maintain their units properly and that the main impediment to improved home maintenance is a lack of occupant knowledge about their home's maintenance needs and about how to do home maintenance and repairs.

Government also undertakes post-occupancy repairs in some provinces. Defects in workmanship and defective materials are made and financed by government, where there is no provincial home warranty in place or where the existing warranty program does not cover the repairs required. The basic rationale is that units which were not constructed or designed in conformity to local minimum property standards are government's responsibility to correct, since it is the developer. As with private homeowner warranty insurance programmes, repairs are made up to five years after construction.

Government also undertakes remedial repairs in some provinces. Deficiencies resulting from the type of unit built and/or the age of the unit, including structural problems, insulation energy concerns, sewer and water hook-up and plumbing; electrical services upgradings and drainage problems are rectified. Remedial repairs can cover a number of circumstances: connection to services which have been installed by the community construction of the unit, problems due to poor construction or designs which arise after the five-year period covered by post-occupancy repairs and

---

[1] Because the Active Party (or, their designated agency) is responsible for all maintenance, repair and improvement work regarding RNH rental housing, the analyses in this chapter relate only to owner-occupied and potential owner (lease-purchase) dwellings.

problems arising because of poor occupant maintenance practices.

One view on the reasons for poorer housing conditions in rural and remote areas points to non-client-related factors which impact on dwelling condition.[1] Inadequate public services, in areas distant from supply centres and in scattered, less physically accessible locations, make it inherently difficult to maintain and/or repair rural and remote housing. If so, then concerns about client home maintenance practices and about the original construction quality became less significant, relative to concerns about the standards of construction applied in these areas.

This chapter begins with an examination of the relationship between client characteristics and the condition of RNH housing. A number of factors are looked at: attitudes and beliefs about tenure and related home upkeep responsibilities, maintenance and repair activities, and client income and other household characteristics. The analysis extends earlier findings about the level of effort by government and delivery groups regarding client counselling on the general premise that owner attitudes and perceptions about their shelter responsibilities directly influence the extent to which they acknowledge and meet these obligations. Having been counselled about home upkeep methods and their responsibilities in this regard, for example, should result in owners maintaining their homes better. The chapter concludes with a multivariate analysis of the various factors which may influence current building condition in an attempt to discern which are real, and to assess their relative impact.

A. Client Perception of Home Upkeep Responsibilities

Rural and Native housing owners are responsible for the regular maintenance of their unit. Homeowners are also responsible for all repairs and improvements including minor repairs, major repairs, remodelling or additions. Repairs and maintenance of lease-purchase units are to be carried out by the landlord (CMHC, provincial/territorial housing agency, or their delegate, such as a local housing authority or non-profit group). In order to qualify for homeownership tenure, the lease-purchase occupants, however, must demonstrate that they can assume the responsibilities of

---

[1] Carter, Tom "Northern Native Housing: Historical Problems and Program Appropriateness", Resolving Rural Housing Policy Conflicts: Case Studies from Canada, United States and Britain, Rural and Small Town Research and Studies Programme, Dept. of Geography, Mt. Allison University, Sackville, N.B., June 1989.

homeownership, one of which is maintaining the home to an acceptable standard.

In order to establish a basis for how familiar current RNH owners are with the activities associated with their tenure, occupants were asked about their tenure in their previous dwelling, their current dwelling and their tenure preference. It is reasonable to expect that RNH owners with prior ownership experience and a stated preference for ownership would be more likely to identify with and carry out the responsibilities that accompany this type of tenure than those without the same history or preferences. A check was made between the current tenure status of RNH clients and these two indicators. As shown in Table 8.1, few RNH Regular ownership clients owned a home prior to entering the program. In contrast, significantly more demonstration and Basic Shelter clients had previously owned their own house. The experience with homeownership was lowest for lease-purchase clients, followed by HAP occupants.

TABLE 8.1
TENURE HISTORY, CURRENT TYPE AND PREFERENCES AMONG RNH HOMEOWNERS AND LEASE-PURCHASE CLIENTS

PROGRAM	OWNED PREVIOUS HOME %	REPORT OWNING CURRENT HOME %	PREFER TO OWN[1] %	SAMPLE SIZE n
ALL OWNERSHIP PROGRAM AND UNIT TYPES	29.5	88.0	95.9	2,352
RNH Homeowner	29.6	88.5	95.9	2,009
RNH Lease-Purchase	4.3	25.9	92.0	80
RNH Demonstration	44.9	N/A[2]	99.1	132
F/P Basic Shelter (N.B.)	47.5	94.5	100.0	59
F/T HAP (N.W.T.)	18.1	N/A	92.9	72

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] In comparison, 52.2 per cent of RNH renters prefer to own.

[2] Question was not asked.

In addition to showing that ownership clients have various experiences, the differences indicate that there may be a range of long-term effects on the adequacy of the ownership portfolio. The majority of RNH owners require assistance in becoming acquainted with their responsibilities.

A special case exists for lease-purchase clients. Although legally they are considered tenants, they are to show that they are familiar with ownership responsibilities in order to assume the full rights of the tenure. The percentage of lease-purchase occupants with this background is under 5 per cent. Therefore, of all of the RNH ownership types, lease-purchase clients appear to require the most comprehensive introduction to this type of tenure.

Table 8.1 also shows that there is a close identification on the part of occupants regarding their tenure. Most RNH Regular homeowners indicated that they owned their home. During the conduct of the RNH Client Survey, interviewers clarified with those homeowners who only considered that they owned their house when the mortgage was completely paid that this was not a relevant criteria. To arrest this type of misunderstanding, occupants were asked if they had the right to sell their unit. One-quarter of the lease-purchase clients reported owning their home even though they were still in the rental part of the lease-purchase provisions. This higher rate would be expected given the program objective to promote a sense of homeownership and the assumption of these responsibilities in the first year of occupancy. Almost all Basic Shelter clients correctly identified themselves as homeowners.

Table 8.1 also shows that there is a strong preference among RNH clients to "own one's own home". The high rate among current homeowners likely indicates, not only a close identification with the aims of the programs, but a satisfaction with this type of tenure.

Disaggregating these tenure-related characteristics by remote/non-remote location shows that a higher percentage of RNH clients in remote areas owned their homes prior to entering the program than in non-remote areas, as reported in Table 8.2. This distinction suggests that the identification by clients in remote areas with the repair, maintenance and shelter payment responsibilities that accompany homeownership should exceed that for clients in non-remote locations.

In sum, this review of RNH client tenure history, awareness of their current tenure and their tenure preferences shows an overall trend toward homeownership as a desirable option. For current owners, however, the fact that previous experience with this type of tenure is low points to the importance of early counselling about the related responsibilities if dwellings are to be maintained and repaired and regular shelter payments made. The extent to which these concerns are a reality is examined next by reviewing RNH client perceptions about their tenure responsibilities and subsequently reporting on how well they have met these obligations.

TABLE 8.2
OWNERSHIP HISTORY, CURRENT TENURE AND PREFERENCES
BY REMOTE/NON-REMOTE LOCATION

HOMEOWNERSHIP PROGRAMS	OWNED PREVIOUS HOME %	REPORT OWNING CURRENT HOME %	PREFER TO OWN %	SAMPLE SIZE n
REMOTE AREAS	45.8	74.0	94.5	720
RNH Homeowner	48.1	74.1	94.4	580
RNH Lease-Purchase	-	-	-	4
RNH Demonstration	44.0	N/A[1]	98.1	64
F/P Basic Shelter (N.B.)	N/A	N/A	N/A	0
F/T HAP (N.W.T.)	18.1	N/A	92.9	72
NON-REMOTE AREAS	25.9	90.7	96.3	1,622
RNH Homeowner	25.7	91.4	96.2	1,419
RNH Lease-Purchase	4.5	25.9	91.7	76
RNH Demonstration	45.7	N/A	100.0	68
F/P Basic Shelter (N.B.)	47.5	94.5	100.0	59
F/T HAP (N.W.T.)	N/A	N/A	N/A	0

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Question not asked or program not available.
"-" indicates less than 20 units.

The RNH Client Survey asks occupants about their home upkeep and repair responsibilities. The interviews reveal that there are some important differences in what occupants say is their responsibility, as reported in Table 8.3, which in turn, may be related to their repair behaviour.

TABLE 8.3
OCCUPANT PERCEPTION OF RESPONSIBILITIES

RESPONSIBILITY FOR	RNH % (n=1,951)	HOMEOWNER F/P BSP % (n=59)	HOMEOWNER DEMO % (n=129)	HOMEOWNER F/T HAP % (n=71)	LEASE-PURCHASE % (n=79)
Regular maintenance	90.9	96.7	93.5	97.2	75.7
Minor repairs	89.8	93.5	92.7	97.2	82.7
Major repairs	52.5	50.1	75.3	82.9	20.8
Improvements	78.1	76.5	89.5	91.6	70.8

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

The responsibility for maintenance is acknowledged by virtually all homeowner clients. Given that only three-quarters of lease-purchase clients report this responsibility suggests two implications. First, not all lease-purchase clients are equally likely to become homeowners unless they become better at undertaking maintenance. And, secondly, maintenance may be not completed adequately or at all by some lease-purchase clients.

The second major difference relates to perceptions about the responsibility for major repairs. The percentages of homeowners reporting this as their responsibility drops significantly compared to those for maintenance, especially among RNH Regular owners. The fact that demonstration and HAP owners receive no ongoing subsidy or follow-up physical inspections may be the reason a high percentage of them acknowledge full responsibility for longer-term repair work. The lower percentage of Regular and Basic Shelter clients stating that this activity is one they should be undertaking suggests that unless government periodically checks the condition of the portfolio, major repair problems are likely to arise. Although not responsible for this work, a majority of lease-purchase clients acknowledge a responsibility for minor repairs.

Lastly, a common trait among ownership and lease-purchase clients is the assumption that home improvements are the occupant's responsibility, significantly more so than major repairs. This perception suggests that owners are more willing to take on what they feel would make their dwelling more livable, or have a higher resale value, rather than the projects which keep the dwelling in good condition. There is the opportunity, therefore, for government to advise owners of the benefits from undertaking major repairs.

Disaggregating by remote/non-remote location shows that owners in remote areas are somewhat less in agreement about their home upkeep responsibilities (Table 8.4). This suggests that a greater preference for ownership among remote homeowner clients does not necessarily influence their perception of having repair and maintenance responsibilities.

TABLE 8.4
RNH OCCUPANTS' PERCEPTIONS OF RESPONSIBILITIES
BY REMOTE/NON-REMOTE LOCATION

RESPONSIBILITY FOR	RNH %	HOMEOWNER F/P BSP %	HOMEOWNER DEMO %	HOMEOWNER F/T HAP %	LEASE-PURCHASE %
REMOTE AREAS					
Regular maintenance	80.7	N/A[1]	88.2	97.2	-
Minor repairs	83.0	N/A	88.5	97.2	-
Major repairs	41.3	N/A	68.2	82.9	-
Improvements	66.2	N/A	83.2	91.6	-
NON-REMOTE AREAS					
Regular maintenance	92.9	96.7	98.2	N/A	75.6
Minor repairs	91.1	93.5	96.5	N/A	84.0
Major repairs	54.8	50.1	81.9	N/A	21.7
Improvements	80.4	76.5	95.1	N/A	73.0

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Program not available.
"-" indicates less than 20 units.

In the post-1985 portion of the Regular RNH portfolio, there is less of a history of ownership but a better match between actual and perceived tenure than in the entire portfolio as a whole. Table 8.5 shows the post-1985 RNH portfolio, controlling for remote/non-remote location. There is no significant difference in the preference to own by location. But, there are significant differences in the awareness of responsibilities among homeowners by location in the post-1985 portfolio. A majority of owners in non-remote areas perceive having responsibility for maintenance and minor repairs but about half perceive having responsibility for major repairs. Remote owners tend to claim responsibility to a much lower extent for maintenance and minor repairs. One similarity with non-remote owners, however, is the lower percentage indicating that undertaking major repairs is their responsibility. Although first-time ownership is more prevalent among remote versus non-remote owners, the issue of owners not acknowledging their role in doing major repair work is common and suggests that this aspect of client occupancy has not been well enough defined. In turn, this may foreshadow long-term problems for government in maintaining the useful life of the ownership portfolio, if it is found that lower levels of repair activity accompany these perceptions.

TABLE 8.5
OWNERSHIP EXPERIENCE AND RESPONSIBILITY
POST-1985 RNH HOMEOWNER[1] OCCUPANTS
BY REMOTE/NON-REMOTE LOCATION

	REMOTE HOMEOWNER %	NON-REMOTE HOMEOWNER %
EXPERIENCE/AWARENESS		
Owned previous home	48.1	25.7
Report owning current home	74.1	91.4
Prefer to own	94.4	96.2
RESPONSIBILITY FOR		
Regular maintenance	80.7	92.9
Minor repairs	83.0	91.1
Major repairs	41.3	54.8
Improvements	66.2	80.4

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Refers to RNH Regular, BSP, lease-purchase, demonstration and HAP owners.

As discussed previously, the percentages of RNH Regular owner and Basic Shelter clients who acknowledge major repair work as their responsibility are significantly lower than for other types of dwelling upkeep activities, and as compared to the percentages of demonstration and HAP clients. A number of dwelling and household characteristics is compared between RNH Regular owners who acknowledge responsibility and those who don't in order to identify first, the impact of this difference in perception and second, why this difference in perception exists. The answers should help in targeting counselling efforts.

It was found that if the RNH Regular and BSP owner-occupants did not perceive that undertaking major repairs was their responsibility, the dwellings were in worse condition than those units lived in by owners who acknowledged this obligation. As shown in Table 8.6, owners who did not view major repair work as their responsibility were more likely to live in remote areas. Occupants who lived in older housing did not differ significantly in their views about their repair responsibility compared to those in newer RNH housing. Adequacy problems, that is, units being in need of major repairs and/or lacking basic facilities, poor maintenance practices and a condition below community norms were traits closely associated with owners not believing major repair work was their responsibility. These findings indicate the

importance of program clients being aware of and doing the work in support for their home care responsibilities.

TABLE 8.6
RNH REGULAR AND BSP OWNERS' PERCEPTIONS OF RESPONSIBILITY FOR MAJOR REPAIRS BY SELECTED DWELLING CHARACTERISTICS

	MAJOR REPAIRS ARE NOT MY RESPONSIBILITY %
ALL RNH REGULAR AND BSP OWNERS	47.4
LOCATION	
Remote	58.7
Non-remote	45.4
YEAR OF COMMITMENT	
Pre-1981	51.7
1981-1985	41.3
Post-1985	55.9
ADEQUACY PROBLEM	
No	44.6
Yes	64.0
MAINTENANCE PRACTICES[1]	
Poor (1,2,3)	59.1
Average (4)	52.0
Good (5,6,7)	40.5
RELATION TO COMMUNITY NORM	
Below	61.8
Same	48.3
Above	36.8

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

In an attempt to explain why RNH Regular and BSP owners should differ in their views on tenure responsibilities, a number of comparisons based on key personal characteristics were made. The results are reported in Table 8.7. It was found that ethnicity or having an affordability problem made no difference in whether or not an owner stated that undertaking major repairs was their responsibility. Length of occupancy

and the overall satisfaction with their dwelling were both significantly related to this viewpoint, however. That is, owners who had lived in their unit from three to ten years were less likely to state that major repairs were not their responsibility as were those who were satisfied with their dwelling.

TABLE 8.7
RNH REGULAR AND BSP OWNER PERCEPTION OF RESPONSIBILITY FOR MAJOR REPAIRS BY SELECTED PERSONAL CHARACTERISTICS

	MAJOR REPAIRS ARE NOT MY RESPONSIBILITY %
ALL RNH REGULAR AND BSP OWNERS	47.4
ETHNICITY	
Native	51.4
Non-Native	46.1
AFFORDABILITY PROBLEM	
No	36.8
Yes	41.8
YEARS OF OCCUPANCY	
Less than 3 yrs.	52.5
3 - 5 yrs.	37.3
5 - 10 yrs.	46.9
More than 10 yrs.	52.0
OVERALL SATISFACTION WITH HOME	
Dissatisfied	57.9
Satisfied	45.5

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

In summary, this first section on RNH client attitudes and perceptions about tenure and related home upkeep responsibilities found that occupant perceptions are important factors associated with dwelling condition. A case in point is the fact that RNH Regular and BSP homeowners tend to not perceive having the responsibility for major repair work. Those with this view also are more likely to live in dwellings with adequacy problems and/or that are below community norms in quality. It was also found that differences in perceptions are more attributable to how the owner relates to the dwelling, that is, their length of occupancy and satisfaction level than to any personal characteristics.

B. Client Maintenance and Repair Activities

Dwelling condition changes with time. Deterioration and increased repair requirements come with increased dwelling age. But as has been discussed in the previous section of this chapter, RNH owners have home care and upkeep responsibilities. If undertaken consistently and properly, the repair and maintenance efforts of the residents of RNH ownership housing should contribute significantly to the long-term adequacy of the stock. This section of the chapter analyses the extent to which RNH occupants have met their repair and maintenance responsibilities. Later sections explore the factors influencing any differences in these types of occupant practices. The section begins with an examination of the overall percentage of RNH units in which some type of repair or improvement work was done in 1988, then presents findings about specific types of repair and improvement work, concluding with a review of whether occupants or others are responsible for these efforts.

It has been found that, overall repairs or improvements were completed in over 40 per cent of RNH units in the survey reference year of 1988 as shown in Table 8.8. This rate was relatively stable, regardless of the age, location or condition of the unit. These types of activities were, however, less prevalent for HAP units. When asked the reason for this work having been done, the two most important rationales given by clients were to either complete the construction of the unit or to undertake repairs in conformity with the provisions of the warranty.

TABLE 8.8
REPAIR AND IMPROVEMENT ACTIVITY[1]
UNDERTAKEN IN 1988

	INCIDENCE %	SAMPLE SIZE n
ALL PROGRAM AND UNIT TYPES	43.3	2,311
PROGRAM		
RNH Homeowner	43.2	1,973
RNH Lease-Purchase	56.4	75
RNH Demonstration	45.3	132
F/P Basic Shelter (N.B.)	51.2	59
F/T HAP (N.W.T.)	30.6	72
LOCATION		
Remote	37.6	709
Non-remote	44.6	1,602
YEAR OF COMMITMENT		
Pre-1981	41.6	894
1981-1985	45.1	831
Post-1985	43.8	583
ADEQUACY PROBLEM		
No	43.8	1,930
Yes	40.4	381

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Includes warranty work, work to complete the dwelling and other repair/improvement activities.

As reported in Table 8.9, relatively newer lease-purchase housing required such work to the greatest extent, followed by demonstration, HAP and BSP housing which were also built in the post-1985 period. The table also shows that the work was less related to completing unfinished homes and more to repairing newer units. Examining the level of warranty work or work done to complete the dwelling as a proportion of all repairs and improvements shows that they are more typically associated with newer units in non-remote areas. Almost 80 per cent of the work done on Lease-Purchase housing in 1988 was warranty or dwelling completion related, for example. In contrast, only about one-third of the repair work done on RNH Regular homeowner housing was of a more general repair or improvement nature than either of these types.

TABLE 8.9
WARRANTY WORK OR WORK TO COMPLETE THE DWELLING[1] UNDERTAKEN IN 1988: ALL HOMEOWNERSHIP PROGRAMS

	INCIDENCE %	PROPORTION OF ALL WORK CARRIED OUT %
ALL PROGRAM AND UNIT TYPES	15.1	34.8
PROGRAM		
RNH Homeowner	14.5	33.6
RNH Lease-Purchase	43.3	76.8
RNH Demonstration	23.9	52.6
F/P Basic Shelter (N.B.)	21.0	41.1
F/T HAP (N.W.T.)	19.4	63.6
LOCATION		
Remote	9.4	25.0
Non-remote	16.3	36.6
YEAR OF COMMITMENT		
Pre-1981	12.4	29.9
1981-1985	14.5	32.2
Post-1985	26.7	60.8

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Includes work done during the preceding 12 months to complete the dwelling or to do work covered under warranty.

As an indication of the types of repairs and improvements done for purposes other than to complete the dwelling or for warranty-related repairs, Table 8.10 reports repair and improvement activity by building element. As shown in the left column, the most common types of work were interior structure/surfaces, doors/windows, additions/remodelling and exterior structure/surfaces and plumbing. The right-hand column reveals that typically more than two-thirds of all RNH owners undertaking repairs or improvements in 1988 were not warranty or building completion related. It is apparent that some of the types of activities undertaken are not related to mechanical system problems (plumbing, heating, ventilation) as much as to appearance and comfort-related work. These findings support the earlier observations that a high percentage of the RNH stock is in need only of minor repairs or ongoing maintenance.

TABLE 8.10
TYPE OF WORK CARRIED OUT[1,2]
ALL HOMEOWNERSHIP PROGRAMS

BUILDING COMPONENT	ALL WORK CARRIED OUT INCIDENCE %	PROPORTION OF WORK NOT UNDER WARRANTY OR TO COMPLETE DWELLING %
Interior structure/ surfaces	42.1	67.0
Doors/windows	25.5	66.3
Additions/ remodelling	26.0	67.9
Exterior structure/ surfaces	24.0	62.6
Plumbing system	20.5	55.3
Yard/site	20.6	68.8
Heating equipment	10.6	63.9
Shelves/cabinets	10.3	57.3
Electrical system	7.8	62.2
Roof	7.0	51.2
Ventilation system	4.9	63.1
Foundation	3.1	13.7
Deck/patio/porch	1.4	62.6

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Repairs/improvements carried out in past 12 months.
[2] Includes lease-purchase units.

Comparing repair/improvement activity and occupant perception of responsibility for maintenance, minor or major repairs and improvements, Table 8.11 indicates that repair and improvement activities were consistently more likely to be carried out where the occupants perceived home upkeep to be their responsibility. However, it is also evident that the percentage of RNH occupants who perceived having each responsibility did not strongly increase with the severity of the problem. The percentage of RNH homeowners who did repair or improvement work and who report this as being their responsibility is relatively constant at 45 per cent, regardless of the type of work done. Consistent with the finding that for RNH owners as a whole there are fewer than expected who view major repair work as their responsibility, those that acknowledge their home care obligations are only slightly more likely to place major repair work at the top of their list.

TABLE 8.11
OCCUPANT ACKNOWLEDGEMENT OF RESPONSIBILITIES
BY REPAIR AND IMPROVEMENT ACTIVITY
ALL HOMEOWNERSHIP PROGRAMS[1]

PERCEPTIONS BY TYPE OF RESPONSIBILITIES	PER CENT WHO DID WORK[2]
Responsibility for regular maintenance	
Occupant	44.4
Government	35.3
Responsibility for minor repairs	
Occupant	44.9
Government	28.9
Responsibility for major repairs	
Occupant	49.4
Government	36.3
Responsibility for improvement	
Occupant	47.4
Government	30.5

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes lease-purchase units.
[2] Includes warranty work, work to complete the dwelling and other repair/improvement activities.

Occupants who reported that repair or improvement activities were carried out were asked to indicate who did most of the work. Table 8.12 shows the proportions of units in which most of the work was carried out by the occupants themselves, by private contractors or by government officials/contractors. For all types of work and unit types, the occupants were directly responsible for more than two-thirds of the work. Private contractors and government were responsible for about one-fifth and one-tenth of the work respectively. The proportion of work carried out by the occupants was greatest for the self-help programs (RNH Demonstration and F/T HAP) and lowest for the Lease-Purchase program. There was virtually no difference between remote and non-remote locations in terms of work being done by contractors or the government.

Government involvement was greatest for lease-purchase and Basic Shelter units, minimal for RNH homeowner and non-existent for RNH demonstration and F/T HAP. These findings generally follow from the designs of the respective programs whereby owners, especially demonstration and HAP occupants, are entirely responsible for their homes' upkeep while major repairs to lease-purchase units are the responsibility of government. The fact that about one-fifth of the work done on post-1985 units was undertaken by

government reflects actions taken to complete units or under the terms of the building warranty.

TABLE 8.12
REPAIR ACTIVITIES[1] - WHO DID MOST OF THE WORK
BY PROGRAM, LOCATION, AND YEAR OF COMMITMENT

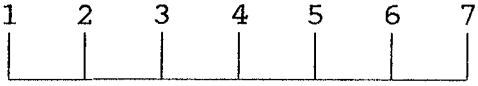
	OCCUPANTS %	CONTRACTORS %	GOVERNMENT %	SAMPLE SIZE n
ALL PROGRAMS AND UNITS	70.4	18.9	10.7	981
PROGRAM				
RNH Homeowner	70.9	18.6	10.5	835
RNH Lease-Purchase	36.3	33.6	30.2	40
RNH Demonstration	87.4	12.6	0.0	60
F/P BSP (N.B.)	46.0	33.6	20.4	29
F/T HAP (N.W.T.)	76.5	17.7	5.9	17
LOCATION				
Remote	74.7	15.2	10.1	269
Non-remote	69.7	19.5	10.8	712
YEAR OF COMMITMENT				
Pre-1981	65.9	24.2	10.0	353
1981-1985	77.1	13.6	9.4	377
Post-1985	63.1	19.0	18.0	250

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Includes warranty work, work to complete the dwelling and other types of work.

A second consideration concerning occupant home care practices is the quality of their work. As part of the RNH Physical Condition Survey, CMHC inspectors rated the quality of the maintenance practices of the household based on the inspection of the dwelling. A seven-point scale[1] was used extending from "1-extremely negligent" to "7-excellent". Table 8.13 shows the ratings of maintenance practices for the inspected units.

---

[1] The question asked: On the basis of evidence drawn from your inspection of this unit, how would you rate the general quality of maintenance practices?



It is apparent that occupants of older ownership RNH housing, are the least likely to maintain their dwellings well. In fact, comparing among all program types, the trend to newer housing being better maintained is quite consistent. The maintenance habits of occupants of units funded under recently initiated programs, such as HAP, are also better than the maintenance habits for occupants of units funded under the longer running programs. The sole exception to this positive relationship is the Demonstration program. About one-third of these owners were rated as having a "good" level of maintenance. These findings suggest that without adequate maintenance, RNH ownership housing is likely deteriorating at a faster rate than originally estimated. And, client involvement at the initial stages of construction does not necessarily lead to a high level of ongoing commitment to dwelling maintenance. Among the post-1985 programs, occupants of units funded under HAP are less likely than the others to have poor maintenance habits.

Because poor maintenance practices are so strongly associated with the age of the dwelling, a more detailed cross-tabulation was made comparing age by program, province/territory and location. As Table 8.14 illustrates, older owner housing in remote areas and in the provinces of Newfoundland, Nova Scotia, Manitoba, Alberta and British Columbia, all exhibit this phenomenon. Among the post-1985 programs, occupants of units funded under HAP are less likely than the others to have poor maintenance habits.

TABLE 8.13
MAINTENANCE PRACTICES OF RNH HOMEOWNERS

	MAINTENANCE PRACTICES[1]			
	POOR (1,2,3) %	AVERAGE (4) %	GOOD (5,6,7) %	SAMPLE SIZE n
ALL HOMEOWNER PROGRAMS	12.2	47.7	40.1	2,828
PROGRAM				
RNH Regular	12.4	47.9	39.7	2,520
Homeowner	12.5	47.9	39.6	2,428
Lease-Purchase	7.3	44.2	48.5	92
RNH Demonstration	8.0	60.8	31.3	149
F/P Basic Shelter (N.B.)	4.6	37.3	58.1	71
F/T HAP (N.W.T.)	3.4	28.4	68.2	88
RNH REGULAR ONLY				
PROVINCE/TERRITORY				
Newfoundland	12.1	64.2	23.7	410
Prince Edward Island	7.1	61.9	31.0	41
Nova Scotia	11.9	38.0	50.2	216
New Brunswick	8.5	39.3	52.3	226
Quebec	N/A	N/A	N/A	N/A
Ontario	11.3	41.8	47.0	324
Manitoba	21.5	61.8	16.7	258
Saskatchewan	10.3	43.0	46.7	431
Alberta	12.1	57.4	30.5	325
British Columbia	17.1	39.5	43.4	227
Northwest Territories	15.6	51.5	32.9	55
Yukon	-	-	-	7
LOCATION				
Remote	16.3	60.6	23.1	720
Non-remote	11.6	45.2	43.1	1,800
YEAR OF COMMITMENT				
Pre-1981	16.7	51.1	32.2	1,133
1981-1985	8.8	48.3	42.8	1,003
Post-1985	8.0	28.3	63.8	380

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Inspector rating of occupant maintenance practices on a seven-point scale from 1-Extremely Negligent to 7-Excellent. "-" indicates less than 20 units.

TABLE 8.14
MAINTENANCE PRACTICES OF RNH HOMEOWNERS
BY YEAR OF COMMITMENT

INCIDENCE OF POOR MAINTENANCE PRACTICES
(RATING OF 1, 2 OR 3 ON A 7-POINT SCALE)

	PRE-1981 %	1981-1985 %	POST-1985 %
ALL HOMEOWNER PROGRAMS	16.7	8.8	7.3
PROGRAM			
RNH Regular	16.7	8.8	8.0
Homeowner	16.7	8.9	8.2
Lease-Purchase	-	-	5.3
RNH Demonstration	N/A[1]	N/A	8.0
F/P BSP (N.B.)	N/A	N/A	4.6
F/T HAP (N.W.T.)	N/A	N/A	3.4
RNH REGULAR UNITS ONLY			
PROVINCE/TERRITORY			
Newfoundland	19.8	8.9	0.0
Prince Edward Island	-	-	-
Nova Scotia	17.3	9.2	1.5
New Brunswick	10.4	3.6	10.3
Quebec	N/A	N/A	N/A
Ontario	9.5	12.7	10.3
Manitoba	29.9	7.9	5.3
Saskatchewan	13.1	1.1	-
Alberta	22.5	9.2	2.5
British Columbia	20.2	13.7	10.7
Northwest Territories	-	10.7	N/A
Yukon	-	-	-
LOCATION			
Remote	22.9	7.5	0.0
Non-remote	15.0	9.1	8.4

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Program not available during this period.
"-" indicates less than 20 units.

As shown in Table 8.15 there is a strong relationship between poor maintenance practices and dwelling condition. Overall, a higher incidence of poor maintenance practices is associated with greater need for repairs.

TABLE 8.15
MAINTENANCE PRACTICES OF RNH HOMEOWNERS
BY DWELLING CONDITION

	MAINTENANCE PRACTICES[1]			
	POOR (1,2,3) %	AVERAGE (4) %	GOOD (5,6,7) %	SAMPLE SIZE n
REPAIR NEED				
Regular maintenance	2.8	33.2	64.0	1,252
Minor repairs	14.2	62.7	23.1	1,159
Major repairs	35.7	51.2	13.1	417

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

Given that newer units appear better maintained, it is useful to examine whether this trend is consistent by program. As shown in Table 8.16, there is relatively little variation by program type or tenure in terms of occupant maintenance practices for RNH housing constructed after 1985 with the exception of the Regular homeownership and Demonstration programs. Although typically, about five per cent or less of new RNH units are poorly maintained there are eight per cent of Regular owner and demonstration units in this category. This suggests that unless steps are taken to improve occupant maintenance practices under these two programs, repair needs may increase in the future.

TABLE 8.16
MAINTENANCE PRACTICES POST-1985 UNITS ONLY

	MAINTENANCE PRACTICES[1]			
	POOR (1,2,3) %	AVERAGE (4) %	GOOD (5,6,7) %	SAMPLE SIZE n
ALL POST-1985 UNITS	7.3	32.4	60.3	688
PROGRAM				
RNH Regular	8.0	28.3	63.7	380
Homeowner	8.2	26.9	64.9	300
Lease-Purchase	5.3	41.8	52.9	80
RNH Demonstration	8.0	60.7	31.3	149
F/P BSP (N.B.)	4.6	37.3	58.1	71
F/T HAP (N.W.T.)	3.4	28.4	68.2	88

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

Occupant maintenance practices were compared to repair work done to test whether poorly maintained homes, which were likely in need of repairs, in fact received the attention they required. As reported in Table 8.17, only occupants of newer RNH housing who had poor maintenance practices were more likely to have had work done on their units. Rather than being repair or improvement work, however, it was typically done under the terms of the construction warranty or to complete the unit. Therefore, in addition to their being poorly maintained, units which are more likely in need of repairs are not being improved to the extent that is required.

TABLE 8.17
REPAIR AND IMPROVEMENT ACTIVITIES OF RNH HOMEOWNERS
BY QUALITY OF MAINTENANCE PRACTICES

	ANY WORK %	WARRANTY OR COMPLETION WORK %	OTHER WORK %	SAMPLE SIZE n
ALL UNITS	43.3	15.1	28.3	2,307
MAINTENANCE PRACTICES[1]				
Poor (1,2,3)	39.5	11.1	28.5	253
Average (4)	42.0	13.4	28.6	1,128
Good (5,6,7)	45.7	17.9	27.8	926
POST-1985 UNITS ONLY	44.0	26.7	17.2	581
MAINTENANCE PRACTICES				
Poor (1,2,3)	46.7	35.3	11.3	32
Average (4)	45.5	29.8	15.7	222
Good (5,6,7)	42.8	24.1	18.7	327

SOURCE: RNH Client Survey, RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

The record of homeowners in maintaining their RNH unit was compared between those who received related counselling to those who had not in order to measure the impact of counselling. In both remote and non-remote areas, as shown in Table 8.18, those who indicated not having ever received client counselling on home maintenance were only slightly more likely to have lower-rated home care practices compared to those who had been counselled. By comparison, those living in non-remote areas who had received maintenance counselling were somewhat more highly represented among those with good home care practices. This simple cross-comparison suggests that the type of counselling undertaken as part of the administration of the ownership portfolio is slightly more effective in non-remote areas.

TABLE 8.18
MAINTENANCE OF HOMEOWNERS[1]
BY COUNSELLING RECORD AND BY LOCATION

COUNSELLING[2] RECORD	MAINTENANCE PRACTICES[3]							
	REMOTE AREAS				NON-REMOTE AREAS			
	POOR %	AVERAGE %	GOOD %	SAMPLE SIZE n	POOR %	AVERAGE %	GOOD %	SAMPLE SIZE n
Received counselling	8.4	57.1	34.5	95	8.5	37.3	54.2	371
Did not receive counselling	14.5	59.0	26.5	603	9.2	46.5	44.2	1,210

SOURCE: RNH Client Survey, RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Includes RNH Regular homeowners and Basic Shelter homeowners.
2 Ever received information on maintaining the dwelling from the government, a housing authority, or a delivery agent.
3 CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

In summary, repair or improvement work was carried out in two out of five RNH units. There were no major differences in the incidence of such work between remote and non-remote locations, the unit commitment year, dwelling condition or occupant characteristics. Differences are apparent, however, in the type of work which was carried out. Work in units under the post-1985 programs was more likely to be directed towards completing the unit or carrying out warranty repairs. Over half of the work in RNH demonstration, F/T HAP and RNH lease-purchase units was of this type. The data also show that occupants' acknowledgement of their responsibilities for home upkeep is reflected in a greater likelihood that work will be carried out.

When maintenance practices are examined, quality differences are apparent between ownership programs. Generally, maintenance practices were poorer in remote areas and in older units. However, of the post-1985 programs, the RNH homeowner and RNH demonstration units were rated lowest of all post-1985 programs. This suggests that unless these practices improve, the adequacy of ownership housing will become more of a problem over the long term.

Comparing maintenance practices and repair or improvement activities reveals little in the way of an association. The amount of repair or improvement work which is undertaken bears no direct relationship to those units where maintenance practices are poor. In the post-1985 portion of the

portfolio, there is some difference in the incidence of repair and improvement work. Although this work is associated with poorer quality maintenance practices, it is being done to complete the dwelling or carry out warranty repairs rather than correct repair problems.

Finally, counselling on home upkeep has only a slight positive influence on homeowner maintenance and repair behaviour. The effect is more pronounced in non-remote as opposed to remote areas.

C. Technical Assessment of Factors Affecting Ownership Repair Need [1,2]

As an extension of the preceding cross-tabular analysis of the factors associated with the state of repair of RNH housing, this section considers the influence of a number of variables through the statistical regression technique. This approach tests for the ability of "independent" characteristics, such as dwelling condition, client behaviour and types of government involvement to predict the level of the "dependent" variable, need for repair. For this analysis, the inspector's estimate of the cost of required repairs is employed as the definition of need for repair. It was found from preliminary experimentation with four definitions of repair need (3-category inspector need for repair rating, cost of repairs or maintenance done in 1988 as reported by clients, inspector rating of maintenance practices, inspector estimate of total repair costs) that the variation in inspectors' estimates of total repair costs was the dependent variable which could be explained the best.

1. Independent Variables

The list of independent variables which was established in order to evaluate the factors affecting total repair costs was extensive. A total of 30 factors, grouped into eight categories were considered. The categories included:

---

[1] A more detailed discussion is presented in Appendix I to Chapter VIII: "Technical Assessment of Factors Affecting Need for Repair".

[2] For the purpose of the regression analysis, "homeowner" has been defined as RNH Regular. Lease-purchase clients are excluded. They were included in the cross-tabular analysis as a basis of comparison only having been considered as potential owners.

a) Physical condition

Age of dwelling and household size are seen as the two key influences increasing repair costs. Older dwellings would require more work due to deterioration over time, and larger households would increase wear and tear and may, out of financial necessity, need to defer spending on required repairs. In addition, there is the consideration of the quality and appropriateness of the original construction and design of the unit. Both may result in the premature deterioration of a dwelling if not undertaken with or in view of the needs of the occupants. Lastly, there is the situation of changing building construction standards. Older RNH housing may be in greater need of repairs simply because it was built to less stringent norms. For this analysis, it was decided to test for the impact of design or construction factors on repair costs for all units also differentiating by age of unit.

b) Environment

Environmental factors include remote location, the availability of skilled help for undertaking repairs and the client's perception of selling price. Repair work is less likely to be undertaken in areas less well-served by home maintenance and supply stores, or where skilled labour is not available, or where there is no strong residential resale market, limiting the prospects for equity gains.

c) Client perceptions

Client views were captured through four factors: satisfaction with the dwelling and surrounding area, awareness and acceptance of repair and maintenance responsibilities, ethnicity, and education. It is thought that occupants satisfied with their dwelling would better maintain it and have lower repair costs as a result, as would those who acknowledged their home care responsibilities, and those with higher education. Ethnicity is included to account for other less directly measurable characteristics which may be associated with being Native or non-Native not otherwise captured by the survey of clients.

d) Client aptitudes

The ability to undertake repairs also affects the level and types of work done and the resultant need for further work. Knowledge about how to do repairs, the availability of equipment, previous ownership experience, and the extent of experience doing repairs or maintenance are each likely to have a positive impact on a homeowner completing repair work thereby reducing the need for further expenditures.

e) Physical ability

It is believed that repair costs may be higher where an owner is physically disabled and cannot complete necessary work on his/her own.

f) Financial abilities

If financial resources are limited because of low income, or fluctuating income, then less repair work may be done, resulting in higher repair costs.

g) Government program impacts on client attitudes and aptitudes

The basic premise underscoring this category of factors is that counselling should increase client awareness and acceptance of their repair and maintenance responsibilities. The factors included which measure this type of government influence are: contacts to check dwelling condition; or to advise on home upkeep, budgeting and/or repairs in 1988 as well as information which was ever given on maintenance or repairs.

Additionally, the extent to which clients viewed the counselling they received as helpful should reduce repair requirements. Finally, client involvement in construction may result in the better ongoing care of the dwelling as a reflection of greater client knowledge about a dwelling's structure and mechanical operation.

h) Government program impacts on client financial abilities

Shelter cost subsidies directly affect clients' ability to pay for other expenses, such as ongoing repairs and maintenance. The ratio of annual shelter costs to gross household income is a measure of government's influence on client financial ability.

2. Regression Results

The regression to explain homeowner repair cost contained 30 variables plus a constant. Overall, it was found that the variables employed in the analysis accounted for only 23 per cent of the variation in repair costs for RNH ownership housing (Appendix I).

Regarding the categories of factors which were found to significantly influence repair costs, all but two, physical ability and government program impacts on financial ability, were important. Repair costs were higher for older housing, and larger households as well as for Native households and households in remote areas. Repair costs are higher if a CMHC Inspector noted a flaw in the original design or construction.

Occupants doing their own maintenance and those who owned their previous dwelling also had higher repair needs for the present dwelling.

Conversely, lower repair costs were associated with clients who perceived repair work as their responsibility. In addition, repair costs were also less if the occupant's main income was from employment; if they have access to help with repair work; if they are satisfied with their home; and if they were involved in the construction of the unit. Those who noted that a government official or an agent for government had checked the condition of their house also had lower repair costs. Finally, those who acknowledged that they need more information about making repairs had lower repair costs than others.

It is equally important to note the factors that do not have any influence on repair costs. These include government efforts to reduce shelter costs and to do maintenance counselling. These results show that increasing disposable income and providing more information will not, by themselves, lead to an improvement in the condition of the RNH portfolio.

D. Summary

This chapter has examined how the factors of dwelling features, occupant characteristics, housing market conditions and program design have influenced RNH ownership housing state of repair. Two types of analysis have been undertaken: first, a cross-comparison of the variables which are associated with differences in dwelling conditions, then a regression analysis which estimates repair costs requirements as a function of multiple variables considered together.

The first level investigated yielded a number of notable findings. In general, homeownership is the preferred tenure option for over 90 per cent of current RNH owners. This desire to remain as owner-occupants indicates their potential for a close identification with the aims of the program and a satisfaction with the associated lifestyle. At the same time, however, most RNH Regular owners do not have previous ownership experience, which points to the possible need for expert counselling on the responsibilities related to home upkeep. In fact, it was found that differences in occupant perceptions on this matter are associated with variations in RNH ownership housing conditions. Major repair work is one obligation that only about one-half of RNH Regular and Basic Shelter clients view as being theirs. Those with this view are more likely to live in units with adequacy problems and/or that are below community norms in quality. It was also found that these differences in perceptions are more attributable to how the owner relates to the dwelling, that is, to their length of occupancy and satisfaction level than to any

personal characteristics, such as ethnicity, or to economic factors, such as household income.

Regarding the influences on whether repair and/or improvement work was done in 1988, there were no major differences found in the incidence between remote and non-remote locations, by unit commitment year, dwelling condition or occupant characteristics. Repair or improvement work was quite common: two out of five RNH owners completed some type of related activity in the survey reference year. Differences are apparent, however, in the type of work done. Repairs or improvements in units committed in the post-1985 period were more likely to be for completing the unit or carrying out warranty-related work. Over 50 per cent of the work for RNH demonstration, F/T HAP and RNH lease-purchase housing was of this nature. The data also show that owners' acknowledgement of their responsibilities for home upkeep is reflected in a greater likelihood that work will be carried out.

Differences in maintenance practices were found to be associated with quality variations between ownership programs. Generally, maintenance practices were undertaken less well in remote areas and by occupants of older housing. Of the post-1985 programs, the RNH Regular and demonstration units were given the lowest rating by CMHC Inspectors.

Finally, counselling on home upkeep has had only a slightly positive influence on homeowner maintenance and repair behaviour. This effect is somewhat more pronounced in non-remote as opposed to remote areas.

Regarding the second stage of the analysis, the importance of a number of the previously tested variables was confirmed through a regression modelling procedure. A total of 30 variables were reviewed, representing eight categories or types of influences on dwelling condition: the deterioration associated with older or less well designed or constructed units or from the greater wear and tear due to crowding; the degree of difficulty of obtaining the necessary materials or labour for undertaking work; the extent to which owner occupants are satisfied with and feel responsible for the upkeep of their dwelling; the level of client knowledge or skills in doing repairs; the physical ability and financial capacity of owners for undertaking work, and government program design impacts on clients' views about their repair responsibilities and on clients' financial ability to pay for maintenance and repairs.

It was found that about 23 per cent of the variation in repair costs could be explained on the basis of these characteristics. That is, the model used to explain variations in repair costs was not very succesful, so that strategies to alleviate this problem which are based on the results of this model will not likely be very effective. All

but two categories had factors which significantly influenced repair costs. The exceptions were client physical ability and government program impacts on financial ability. Repair costs were significantly higher for older RNH ownership units, and for units not designed or constructed correctly. Repair costs were higher for larger households, Native households and households in remote areas.

By way of contrast, repair costs were lower if the owner was satisfied with their living conditions. Although earning employment income was also important, increasing income was found to be insufficient to result in improved dwelling quality. Similarly, owners who perceived repair work as their responsibility were more likely to live in dwellings with lower repair costs. But increasing current types of counselling on home upkeep or reducing shelter costs does not lead to this result. Being involved in the original construction of the units also factored highly in a dwelling having lower repair costs.

IX RNH PROGRAM ARREARS IN SHELTER PAYMENTS

Payment arrears are a problem for government because they increase the costs of the program by reducing revenues and increasing administrative costs. Arrears also are a problem from the point of view of fairness. Those who pay in full on a regular basis receive the same benefits as those who pay less or nothing. Further, in so far as the rent-to-income scale rations resources to those most in need, failure of some clients to make their payments leads to an inequitable distribution of program benefits.

Clients being in arrears in their shelter payments has been a chronic problem in the RNH program. The 1980 Rural and Native Housing Review reported an arrears rate of slightly over 30 per cent, with arrears rates being higher in Newfoundland, Manitoba, Northern Saskatchewan and New Brunswick. The evaluation found that higher-income households were slightly more likely to be in arrears, that those with employment income have a somewhat greater probability of being in arrears than those with pension or welfare income, and that there is some relationship between utility costs and the probability of being in arrears. The evaluation found that the provision of advice regarding payment responsibilities did not have an impact on the level of arrears, nor did the level of financial commitment (i.e. downpayment) to the unit. The evaluation also examined the relationship between administrative practices among CMHC branch offices and arrears rates, although it did not come to any clear findings on what worked or did not work in reducing arrears rates. Regression analysis explained less than 15 per cent of the variance of arrears. The 1980 RNH Review concluded that the factors such as low incomes, irregular incomes, and the other factors measured are not the primary causes of arrears in the program.

Since 1980, government has continued its counselling efforts in order to address the arrears situation. Also, a heating allowance was instituted to relieve the financial burden and a rental program was introduced for the very poorest RNH clients. These initiatives appear to have had some impacts. However the improvements have been only marginal. Arrears rates are now in the order of 25 per cent.

This chapter will describe the extent of the arrears problem and will follow-up upon some of the hypotheses about the causes of payment arrears raised during the first review of the RNH program, as well as test some that are relevant in the context of the 1980's. An effort will be made to determine which strategies for dealing with the arrears problem were most effective.

In a manner similar to the analysis of the factors associated with dwelling condition, this chapter presents a review of client and dwelling characteristics which are possible

influences on arrears. The analysis is undertaken in two parts. First, a cross-tabular review is completed examining arrears rates by program, year of unit commitment, unit condition, location, household characteristics and by whether or not the client received counselling about budgeting or making payments. This is followed by a regression analysis to estimate the likelihood of being in arrears as a function of a broader range of variables.

In describing the nature of the arrears problem we are interested in the characteristics significantly associated with being in arrears and the strength of those associations. We are also interested in understanding the nature of the relationship between the characteristics of households and their dwellings and the resultant influence on occupants being behind in their payments. By knowing these underlying factors, we can predict the extent to which a household would be in arrears by knowing its characteristics and those of the unit it occupies.

The first sections of this chapter concentrate on exploring the relationship between being in arrears and various household, location and dwelling features to find out which are significantly correlated to this attribute. Once these initial steps are completed, the analysis turns to a study of estimating the likelihood of being in arrears when considering a number of the key factors together. Therefore, to the extent that variables which are strongly related to being in arrears can be found, the chance of accurately predicting the types of RNH households most probably in arrears would be enhanced.

For purposes of the analysis in this chapter, a household in arrears is defined as being one or more months behind in making their regular shelter payment or as not currently making full payments as of August 1988. Departures from these criteria were allowed if the local RNH program officer judged the situation as temporary or otherwise not representative of the household's payment record. Because it is for a point in time, a distinction cannot be made between households in arrears over a long period versus a few months or between these with a small versus a large outstanding debt. Furthermore, some clients in arrears may be making partial payments. These limitations should be noted in considering the following analysis.

A. Arrears Patterns by Household, Dwelling and Location Characteristics

A number of socio-economic factors have been cited as contributing to the historically high arrears rates that have characterised rural and remote housing programs over the past three decades. One recent discussion, which focuses its analysis on the northern communities of the Prairie region, an

area with particularly high arrears rates, suggests three fundamental differences between these areas and southern, urban centres upon which housing assistance has largely been based and points to these differences as significant contributors to the arrears problem.[1] They include: weak, unstable economies which are reflected in low and/or irregular incomes for residents; a non-market housing situation where units are not supplied via the buyer/seller driven model and equity accumulation is rare; and a perception of housing as basic shelter rather than an investment which provides a dollar return for those payments made toward acquiring the dwelling. Each of these characteristics along with others identified through discussions with CMHC and provincial RNH staff has been captured in the following analysis.

There were significant differences found in arrears rates by occupant tenure, province, age of dwelling and location indicating that each of these factors has a role in influencing occupant behaviour in this regard. First, as shown in Table 9.1, lease-purchase clients had a much lower rate of arrears compared to other tenure groups or the overall rate for the portfolio. This may reflect the fact that this tenure option is relatively new and that most occupants are recent clients. As well, as shown previously, clients under this tenure option have received a higher level of counselling about ownership responsibilities, one of which is regular, timely shelter payments. Secondly, although they account for more than four-fifths of all RNH households in arrears, the homeowner client arrears rate is equivalent to that for renters. This similarity in the rate between the two major tenures suggests that the concept of repayment may be contributing to arrears, rather than other factors, such as nontraditional housing markets, physical housing conditions or the financial ability to make payments.

---

[1] Carter, Tom "Northern Native Housing: Historical Problems and Program Appropriateness", ch. 3 Resolving Rural Housing Policy Conflicts: Case Studies from Canada, United States and Britain, Rural and Small Town Research and Studies Programme, Dept. of Geography, Mt. Allison University, Sackville, N.B., June 1989.

TABLE 9.1
UNIT CHARACTERISTICS BY ARREARS STATUS

CHARACTERISTICS	HOUSEHOLDS IN ARREARS		
	INCIDENCE %	DISTRIBUTION %	SAMPLE SIZE n
ALL RNH REGULAR	25.6	100.0	2,508
TENURE			
Homeowner	26.5	86.4	1,973
Lease-Purchase	4.6	0.2	75
Rental	21.8	12.7	402
F/P Basic Shelter (N.B.)	25.0	0.7	58
PROVINCE/TERRITORY			
Newfoundland	32.3	15.3	315
Prince Edward Island	1.9	0.0	46
Nova Scotia	12.6	5.1	193
New Brunswick	36.5	14.8	243
Quebec	0.0	0.0	0
Ontario	8.2	5.0	240
Manitoba	21.8	12.9	376
Saskatchewan	49.7	35.1	429
Alberta	21.4	8.0	320
British Columbia	10.0	2.4	206
Northwest Territories	15.9	1.4	133
Yukon	-	-	7
YEAR OF COMMITMENT			
Pre-1981	34.8	63.8	1,059
1981-1985	19.8	32.2	932
Post-1985	9.0	4.0	514
LOCATION			
Remote	51.4	40.8	860
Non-remote	19.0	59.2	1,648

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

Differences are also apparent between provinces. Lower rates of arrears occur in those provinces where newer and/or rental housing predominates, such as in Quebec, Prince Edward Island and Ontario. It is evident also that different conditions, either client or program administration-related, exist in Newfoundland, New Brunswick and Saskatchewan. Not only is the incidence of clients being in arrears very high, but together these three areas account for over 65 per cent of RNH

households in arrears. This trend is noticeable also when examining arrears rates by year of commitment and remote/non-remote location. The rate for pre-1981 housing is almost four times that for the newest units, and the rate for remote units is more than double that for non-remote units. The latter two factors reinforce the finding that the highest arrears rates are found among occupants of older homeownership housing.

As shown in Table 9.2, the provinces with the highest overall arrears rates also have high levels of arrears in the owner tenure group. Newfoundland, New Brunswick and Saskatchewan have over 30 per cent of their RNH ownership units in arrears. In addition, homeowner arrears rates are high in Manitoba and the Northwest Territories. The arrears rate among RNH renters in Saskatchewan is the highest in the country at over 48 per cent.

TABLE 9.2
INCIDENCE OF HOUSEHOLDS IN ARREARS
BY TENURE BY PROVINCE/TERRITORY

	OWNERS[1]		RENTERS[2]		ALL	
	%	n	%	n	%	n
ALL	26.5	2,031	20.9	477	25.6	2,508
PROVINCE/TERRITORY						
Nfld	32.3	315	N/A	N/A	32.3	315
P.E.I.	2.7	32	-	14	1.9	46
N.S.	12.6	185	-	8	12.6	193
N.B.	36.4	224	-	19	36.5	243
Quebec	N/A	N/A	N/A	N/A	N/A	N/A
Ontario	8.3	208	4.1	32	8.2	240
Manitoba	32.5	199	12.0	177	21.8	376
Sask.	50.1	331	48.4	98	49.7	429
Alberta	22.7	297	0.0	23	21.4	320
B.C.	10.2	182	6.1	24	10.0	206
N.W.T.	63.6	51	0.0	82	15.9	133
Yukon	-	7	N/A	N/A	-	7

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: 1 Includes RNH Regular Homeowner and Basic Shelter.
2 Includes RNH Rental and Lease-Purchase.
"-" refers to fewer than 20 cases.

Table 9.3 disaggregates arrears data by year of commitment, location and Active partners, in an attempt to find out if differences in administrative practices could account for variations in arrears rates. Arrears were higher in provinces

where the Active Party is the provincial government. There were too few observations however, to make enough direct comparisons to conclude if this was a casual factor.

A more rigorous test is undertaken later in this chapter by examining the impact of geographic location and client counselling, among other factors, on the likelihood of RNH households being in arrears.

Table 9.4 illustrates the same information on arrears rates by tenure, province/territory and age of unit in terms of remote and non-remote location. In addition to what was found previously, rates are significantly higher in the remote parts of only Newfoundland, Manitoba and Saskatchewan. In addition, older units are occupied by households who are behind in their payments to a greater extent than newer RNH housing. The phenomenon is especially pronounced in remote areas. Therefore, the client survey results indicate that there may be different conditions affecting the repayment practices of clients living in older, remote housing compared to the rest of the country.

In addition to general location and age characteristics, the physical condition of RNH housing whose occupants were behind in their shelter payments was examined. It was thought that dwellings in need of repair may precipitate arrears problems as they may discourage owners or renters from feeling obligated to pay for inadequate housing. Or, housing may fall into disrepair stemming from neglect by the occupants, a behaviour which may also include not meeting or not being able to meet their payment obligations.

TABLE 9.3
ARREARS STATUS
BY AGE, LOCATION AND ACTIVE PARTNER

PROVINCE/TERR./ ACTIVE PARTNER	INCIDENCE IN ARREARS			
	PRE-1986		POST-1985	
	REMOTE %	NON-REMOTE %	REMOTE %	NON-REMOTE %
ALL RNH REGULAR	55.6	20.0	1.2	8.4
Newfoundland[1]	32.8	32.8	-	-
P.E.I.[2]	N/A	-	N/A	0.0
Nova Scotia[2]	N/A	13.3	N/A	4.5
New Brunswick[3]				
Province	N/A	37.8	N/A	27.9
CMHC	N/A	-	N/A	-
Quebec[1]	0.0	0.0	0.0	0.0
Ontario[4]				
Province	-	-	-	-
CMHC	-	-	-	6.6
Manitoba[5]				
Province	55.5	6.4	-	0.0
CMHC	54.8	29.8	-	-
Saskatchewan[6]				
Province	83.6	23.9	-	-
CMHC	-	-	-	-
Alberta[1]	20.0	23.9	-	0.0
B.C.[2]	12.6	11.1	-	3.9
N.W.T.[1]	63.6	N/A	0.0	N/A
Yukon[1]	-	N/A	-	N/A

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Active Partner - Province/Territory.
2 Active Partner - CMHC.
3 CMHC - Native; Province - Non-Native.
4 CMHC - Owner; Province - Rental.
5 CMHC - North (all tenures); Province - South (primarily rental).
6 CMHC - units committed in 1987 and after.
Province - units committed in 1986 and before.
"-" refers to fewer than 20 cases.

TABLE 9.4
ARREARS CONTROLLING FOR REMOTE/NON-REMOTE LOCATION
(REGULAR RNH INCLUDING BASIC SHELTER)

	INCIDENCE OF ARREARS	
	REMOTE % (n=753)	NON-REMOTE % (n=1,755)
ALL	51.4	19.0
TENURE		
Homeowner	54.2	20.8
Lease-Purchase	-	4.8
Rental	44.8	6.4
F/P Basic Shelter (N.B.)	N/A[1]	25.0
PROVINCE/TERRITORY		
Newfoundland	31.3	33.1
Prince Edward Island	N/A	1.9
Nova Scotia	N/A	12.6
New Brunswick	N/A	36.5
Quebec	0.0	0.0
Ontario	0.0	8.3
Manitoba	53.4	14.5
Saskatchewan	84.5	23.6
Alberta	19.4	21.7
British Columbia	13.4	9.7
Northwest Territories	15.9	N/A
Yukon	-	N/A
YEAR OF COMMITMENT		
Pre-1981	71.2	22.5
1981-1985	31.7	17.7
Post-1985	2.4	10.5

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: [1] N/A indicates Program not available or not applicable.
"-" indicates less than 20 units.

In fact, it was found, as depicted in Table 9.5, that arrears rates are significantly higher for occupants of dwellings in disrepair compared to the arrears rates for occupants of housing in average to good condition. This relationship is somewhat stronger for remote areas. Therefore, high arrears rates do not appear to be simply a problem due to living in less accessible locations, although the absolute level of arrears is much higher in those areas. Arrears also appear to be associated with living in inadequate housing.

TABLE 9.5
ARREARS BY UNIT CHARACTERISTICS
BY REMOTE/NON-REMOTE LOCATION

	INCIDENCE OF ARREARS	
	REMOTE % (n=870)	NON-REMOTE % (n=1,847)
ALL	45.9	18.6
DWELLING CONDITION		
Regular maintenance	27.9	13.3
Minor repairs	57.9	25.1
Major repairs	51.0	23.1
MAINTENANCE PRACTICES		
Poor (1,2,3)	65.5	28.1
Average (4)	58.3	24.2
Good (5,6,7)	39.4	16.4
WORK REQUIREMENTS		
No work required	12.5	10.7
Less than $500	29.5	16.4
$500 - $999	32.2	14.7
$1,000 - $2,499	39.4	21.0
$2,500 - $4,999	50.7	24.6
$5,000 - $9,999	72.0	23.8
ADEQUACY PROBLEM		
No	42.5	17.9
Yes	59.1	23.1

SOURCE: RNH Physical Condition Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: CMHC Inspector rated on a 7-point scale where Poor is level 1, 2 or 3; Average is 4 and Good is level 5, 6 or 7.

A further extension to the RNH arrears analysis includes a review of the relationship between arrears rates and household characteristics. In addition to the generally accepted factor of insufficient and/or irregular income, variables such as household type, size, crowding, length of occupancy and overall satisfaction with the dwelling were also thought to play a part in affecting the financial ability and desire of occupants to meet their shelter payment responsibilities. An affordability problem will necessarily reduce the ability of an occupant to pay for all of their expenses. Shelter payments may not be made until more fundamental necessities, such as food and clothing, are paid for. Multi-family or

extended family types, large households, and crowding are each indicators of possible affordability-related problems. Occupants who have affordability-related problems and who have lived in the same unit for several years may be more susceptible to swings in income, making it difficult for them to move out of subsidised housing, and making them more prone to falling behind in their shelter payments. Finally, it is reasonable to expect that occupants who report being satisfied with their housing would be less likely to miss making their payments.

The incidence of RNH owners and renters who were in arrears as of August 1988 is shown in Table 9.6. Compared to the overall population of RNH occupants with shelter payment responsibilities, Native people were more highly represented among those in arrears as were large households, family-type households, those living under crowded conditions, those with higher incomes, households who have had a relatively long period of occupancy and those who were dissatisfied with their home.

An analysis of the role of household expenditures in contributing to arrears (Table 9.7) shows the comparison between owner households by arrears status for shelter costs and other expenditures. Both income and shelter costs (which includes mortgage costs) were slightly lower, on average, for remote households in arrears. This results in a higher average GDS ratio[1] for households in arrears. However, in non-remote areas, the GDS ratios of households in arrears are lower, on average, than for households not in arrears. Other expenditures per person in non-remote areas were slightly higher for those in arrears. In remote areas, households in arrears reported spending less, on average, on other expenditures and also reported a larger household size. These expenditure findings support the notion that, overall, the arrears problem is not as closely related to being an income problem as has been generally believed.

---

[1] The Gross Debt Service ratio is the annual first mortgage payments (principle and interest) plus the real property taxes, all divided by the qualifying annual gross income. A G.D.S. ratio of 27 to 30 per cent is the generally accepted standard for affordability.

TABLE 9.6
INCIDENCE OF HOUSEHOLDS IN ARREARS BY HOUSEHOLD CHARACTERISTICS

	OWNERS % (n=2,031)	RENTERS % (n=477)	ALL % (n=2,508)
ALL	26.5	20.9	25.6
ETHNICITY			
Native	38.7	30.1	36.5
Non-Native	22.3	13.1	21.2
HOUSEHOLD TYPE			
Single-person	13.9	1.1	7.0
Single-parent	25.6	22.5	25.3
Couple no children	19.3	14.3	18.2
Couple with children	28.2	37.8	29.1
Extended family	45.5	-	47.7
Other	24.5	31.7	26.0
HOUSEHOLD SIZE			
1 person	13.3	1.1	6.6
2 persons	17.8	13.9	17.3
3 - 4 persons	26.2	23.4	25.9
5 persons and more	33.5	47.8	35.4
SUITABILITY PROBLEM			
No	23.8	17.5	22.9
Yes	40.6	31.9	38.7
HOUSEHOLD INCOME			
Less than $10,000	21.4	16.7	20.6
$10,000 - $20,000	26.6	33.6	27.2
More than $20,000	24.7	35.7	25.9
AFFORDABILITY PROBLEM			
No	26.2	27.9	26.5
Yes	23.4	23.9	23.4
LENGTH OF OCCUPANCY			
Less than 3 yrs.	14.8	6.6	11.9
3 - 5 yrs.	22.1	21.4	22.0
5 - 10 yrs.	28.4	27.1	28.2
More than 10 yrs.	31.4	53.7	33.0
OVERALL SATISFACTION WITH HOME			
Dissatisfied	42.4	46.6	42.7
Satisfied	23.7	17.1	22.7

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "-" refers to fewer than 20 cases.

TABLE 9.7
OWNER HOUSEHOLD EXPENDITURES
CONTROLLING FOR ARREARS AND REMOTE/NON-REMOTE LOCATION

EXPENDITURES ($) (ANNUALISED)	REMOTE		NON-REMOTE	
	IN ARREARS (mean)	NOT IN ARREARS (mean)	IN ARREARS (mean)	NOT IN ARREARS (mean)
Income	19,027	21,818	16,397	17,070
Shelter costs	5,793	5,912	5,016	4,933
Gross Debt Service Ratio (%)	41.1	33.0	34.4	36.1
Other expenses (per person)	2,382	2,766	2,445	2,293

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

For RNH renters, the same general disassociation between costs and whether a household is in arrears or not exists as for owners. As shown in Table 9.8, although in non-remote areas, incomes are not significantly different between those in arrears and those not in arrears, incomes are higher for remote households in arrears. Shelter costs, which includes rent payments, are also higher for those in remote areas behind in meeting their payment responsibility, however. This is likely because the costs of operating a rental unit, which are not paid as part of the rent, are relatively high. But, when taken as a ratio of total household income, renters in arrears face a lower debt-to-income level than those not in arrears in remote locations. In non-remote areas, the reverse is true.

Non-housing costs are also lower for those in arrears. These results point to factors other than inadequate income and/or excessively high shelter-related or general living expenses as being causes of the RNH arrears problem.

TABLE 9.8
RENTER[1] HOUSEHOLD EXPENDITURES
CONTROLLING FOR ARREARS AND REMOTE/NON-REMOTE LOCATION

EXPENDITURES ($) (ANNUALISED)	REMOTE		NON-REMOTE	
	IN ARREARS (mean)	NOT IN ARREARS (mean)	IN ARREARS (mean)	NOT IN ARREARS (mean)
Income	18,367	14,235	11,996	11,248
Shelter costs	3,626	2,976	2,837	3,211
Gross Debt Service Ratio (%)	28.3	55.3	29.4	35.2
Other expenses (per person)	2,423	2,872	2,373	3,125

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Includes RNH Rental and Lease-Purchase.

B. Impact of Counselling on Arrears

Counselling on budgeting expenses and making regular rent payments is to be undertaken prior to occupancy, at the time of occupancy and at six and twelve-month intervals thereafter, as one way of preventing arrears. As shown in Chapter VII, arrears counselling activity is generally very low, and is lower in provinces where current arrears problems are higher than average. Overall, a comparison of RNH households' arrears rates, by whether they received counselling, shows the function is having a moderately positive effect but only in remote areas. Table 9.9 shows that of tenants who were ever counselled about budgeting or making rent payments, a little over one-fifth were in arrears compared to over one-third who were not so advised. In non-remote areas, arrears rates are much lower overall. Non-remote tenants who have been counselled however, have a higher probability of being in arrears than tenants who have not been counselled. It appears, therefore, that counselling is less effective in non-remote versus remote areas.

In an approach similar to that undertaken for renters, the arrears status of lease-purchase clients is compared between those who have received related counselling to those who have not been counselled.

Table 9.10 shows the relationship between receiving counselling on shelter payments and the payment record of lease-purchase clients. Of those who have received counselling, fewer than 10 per cent are in arrears. The low arrears rate overall in lease-purchase housing means that counselling is not necessary for very many clients.

TABLE 9.9
RENTERS IN ARREARS BY LOCATION AND BY COUNSELLING RECORD

	PAYMENT RECORD[1]			
	REMOTE AREAS		NON-REMOTE AREAS	
COUNSELLING RECORD/NEED	IN ARREARS %	n	IN ARREARS %	n
COUNSELLING RECORD[2]				
Received counselling	21.8	57	17.7	54
Did not receive counselling	35.8	230	4.0	256

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: 1 RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

2 Ever received information on budgeting expenses or making shelter payments from the government, a housing authority or a delivery agent.

TABLE 9.10
PAYMENT RECORD OF LEASE-PURCHASERS: ASSOCIATION BETWEEN OCCUPANTS IN ARREARS AND COUNSELLING RECORD

	PAYMENT RECORD[1]	
COUNSELLING RECORD/NEED	IN ARREARS %	n
COUNSELLING RECORD[2]		
Received counselling	7.8	30
Did not receive counselling	2.8	44

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES: 1 RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

2 Ever received information on budgeting expenses or making shelter payments from the government, a housing authority or a delivery agent.

A comparison of the arrears status of RNH homeowners by whether payment counselling had been received is summarised in Table 9.11. In non-remote areas, households who report having

been counselled about budgeting or making mortgage payments were just as likely to be in arrears as those who stated they had never been counselled. About 62 per cent of RNH homeowners in remote areas who had been counselled were currently in arrears, a significantly higher percentage than for those who did not receive counselling and who were in arrears. Therefore, in non-remote areas, counselling among homeowners appears to have no effect on arrears rates while it is higher for those counselled in remote locations.

The evidence presented in Chapter VII on homeowner counselling rates showed that a lower percentage than average of owners reported ever having been counselled on budgeting or on making mortgage payments in provinces with higher arrears rates. The percentage recently counselled was equally low across the country at under five per cent. Both of these findings point to a pattern of counselling for RNH homeowners which is significantly lower in areas where it is required.

TABLE 9.11
PAYMENT RECORD OF HOMEOWNERS[1]
BY COUNSELLING RECORD AND BY LOCATION

	PAYMENT RECORD[2]			
	REMOTE AREAS		NON-REMOTE AREAS	
COUNSELLING[3] RECORD	IN ARREARS %	n	IN ARREARS %	n
Received counselling	61.8	94	20.7	321
Did not receive counselling	52.7	467	20.9	1,128

SOURCE: RNH Client Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTES:
1 Includes RNH Regular homeowners and Basic Shelter homeowners.
2 RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
3 Ever received information on budgeting expenses or making shelter payments from the government, a housing authority or a delivery agent.

In summary, the data show that arrears rates for both owners and renters are higher in remote areas where much of the oldest and poorest condition dwellings are located, and that arrears do not appear to be related to higher-cost burdens. The next section refers to a broader consideration of the arrears problem through the estimation of how the likelihood

of being in arrears is affected by a number of characteristics considered together.

C. Technical Assessment of Factors Affecting RNH Arrears Rates

The cross-tabular analysis, presented earlier in this chapter, which isolated the characteristics most closely associated with RNH occupant arrears rates, represents a descriptive approach to ascertaining the causes of arrears. A more in-depth analytical approach, highlighted in this section, estimates the individual influence of a wider range of factors, including dwelling features, household attributes and occupant perceptions on the likelihood of being in arrears or not, separately for owners and renters. The aim of this second method is to estimate or predict, from known characteristics, the chance of an RNH occupant being in arrears.

1. Approach

As with the regression analysis of the factors associated with need for repair, this multiple variable analysis is based on the premise that whether an RNH client is in arrears or not is a reflection of a number of factors.[1] The technique allows a number of dwelling and household characteristics to be held constant in order to test for the impact of one variable's change on the likelihood of being in arrears. The factors are grouped into three distinct areas: attributes of the dwelling, economic conditions within the community, and social and economic characteristics of the household. A discussion of the factors affecting a client's arrears status is presented first, followed by a description of the mathematical model.

The factors influencing whether an RNH client is likely to be in arrears or not are separated into those affecting homeowners and those related to renters in view of the different eligibility criteria and payment responsibilities for each tenure group. Regarding the factors affecting homeownership arrears, the age of the unit, as given by the time when CMHC committed the loan for the unit, and the cost of required repairs serve as surrogates for the unit's physical condition. As housing deteriorates with time, an older unit is more likely to require repairs which may discourage owners from making regular mortgage payments. In a related sense, the owner's perceived resale value of his RNH unit should influence his willingness to keep his mortgage payments up-to-date. If he thinks that he could sell for more

---

[1] A complete description of the regression model variables and results are given in Appendix I to this chapter.

than the amount of the original mortgage, then he should be more likely to view his payments as an investment and less likely to be in arrears.

Whether an owner was the first occupant of the unit and helped build it or provide land as part or all of the downpayment were included as factors. The extent to which an RNH owner was involved in the construction of his unit or provided land are viewed as factors which would diminish the likelihood of being in arrears because they represent personal "stakes" in the housing. A strong local economy which provides full regular, cash employment should augment the financial ability of a homeowner to meet their mortgage payments and also reduce the chance of being in arrears. Related indicators are: the number of full-time workers in the RNH household; the number of part-time workers; and whether the primary source of income was from employment. Owners' perceptions of their ability to earn a living locally, and their view of the likely future of the area were employed as indicators of local economic viability.

There were a large number of factors considered regarding the influence of owners' personal, financial and household characteristics on their tendency to be in arrears or not. It is thought that owners who express satisfaction with their dwelling are more likely to maintain regular payments. Education is also likely to have a positive effect on reducing arrears because the occupant may already be more familiar with financial matters, such as mortgage repayment mechanisms. Experience in owning a home previously was also thought to contribute to a lower arrears rate. Some of the financial constraints which may be associated with an owner's difficulty in meeting mortgage payments include: low disposable income, a larger family, the lack of a member who works full-time, and regular income such as welfare or pensions. Although ethnicity may be associated with some of these factors, it was included as well to capture lifestyles or living preferences which may not otherwise have been accounted for in the survey. Additionally, unless government or its agent has verified the owner's income in the past year, there is more of a chance that the mortgage payment may be too high. Counselling about budgeting and making mortgage payments may indirectly help keep an owner from being in arrears by increasing his knowledge about financial planning. Two factors which should increase the effectiveness of counselling are: one, if it is administered consistently before, at the time of and after occupancy, and two, if the owner perceives the counselling as helpful. A geographic identifier which would distinguish between provinces with and without high arrears was not included as it was felt that the counselling variables and payment adjustment information would better capture differences in the level of administrative effort between provinces.

Regarding the factors most likely to affect renter arrears rates, all are the same as for owners, with the exception of those characteristics exclusive to tenants: satisfaction with landlord practices and those exclusive to homeowners: provision of land, sweat equity or cash for a downpayment and ability to sell for a profit. As for owners, the lower the disposable income the more likely a renter would be in arrears. Also, the less satisfied a tenant is with the repair and maintenance practices of the landlord, the less incentive that tenant may have to make regular rent payments.

With respect to the estimation method being used, the logistic regression technique is a variation of multiple regression analysis. Multiple regression is a mathematical way of determining those characteristics which explain the variation in a phenomenon. One example is the relationship between sales price and dwelling features. Variations in the location, size and age of units are key factors, or independent variables, which partly account for how the dependent variable, house price, varies. A special version of the multiple regression approach is required, however, to determine the variables which explain RNH arrears. The unit of measurement for the analysis is whether a household is in arrears or not at a point in time. In this case, the dependent variable cannot take on a range of values: it can only have a value of "in arrears" or "not in arrears". The logistic regression approach is appropriate because it estimates the mathematical likelihood of the dependent variable having a value of one. Therefore, the results of the logistic equation, discussed next, are explained in terms of the probability that an RNH owner or renter with a certain characteristic would be in arrears, holding all other factors constant.

2. Findings: Ownership Arrears

The logistic regression as described previously contained 32 variables plus a constant. The final model, showing only those variables which were significantly related to a household being in arrears contained thirteen factors. It was found that the owners most likely to be in arrears tend to be those who: live in older RNH housing, and in localities where they believe that local economic conditions make it difficult to earn a living. Furthermore, they are more probably, a larger-sized household, one that has been recently visited for verifying income, and one which believes it needs more information on making payments. The RNH household in arrears has typically been involved in the construction of its unit or has provided sweat equity for part or all of the downpayment. The housing of owners in arrears tends to have a relatively high cost of repairs. Households whose primary source of income is employment are more likely in arrears.

The majority of these factors are easily linked to how the likelihood of an RNH owner being in arrears increases or diminishes. There are a few, however, which have an impact which is more difficult to explain. Arrears rates can be easily seen to be higher for owners with a relatively high number of household members and who find it difficult to make a living locally because of the extra strain on having sufficient income to pay for living expenses, including a mortgage. A high cost of repairs may signal insufficient income also. The fact that employment as a primary source of income increases the chance of being in arrears is, at first glance, an inconsistent finding. But, it may be that owners in arrears are more likely to be the working poor and/or those who have irregular employment. Lastly, it was found that the likelihood of being in arrears was greater for those who provided sweat equity or were otherwise involved in their dwelling's construction. This result may imply that these owners supplied their own labour because of insufficient income or preferred to economise on construction expenses to pay for non-housing costs.

Characteristics which diminish the chance of being in arrears include: income from welfare, greater numbers of full-time workers in the household, ever having been counselled on budgeting, and education level. Welfare income likely reduces the possibility of an owner falling behind in making mortgage payments because this is a regular, fixed source of funds with a predetermined shelter payment component which is often made directly to the Active Party. It was also found, through previous tests of the client data, that disabled RNH owners were less likely to be in arrears. Because a relatively high percentage of them received welfare, the same relationship between income source and arrears levels appears to be the reason for this result. Greater numbers of full-time workers will obviously increase the amount and stability of household income which reduces the problem of being short of funds to pay shelter expenses. However, because income itself is not significantly related to lower arrears, increased earnings will not necessarily result in a reduction in this problem.

But, this model explains only about eight per cent of the variation in the homeowner arrears rate. It is apparent that, although each of the aforementioned characteristics is significantly related to whether an RNH owner is in arrears, there is a large intrinsically random or unexplained component to the ownership arrears pattern.

In order to further test for the impact of the significant variables on the likelihood of an owner being in arrears, the sensitivity of the probability of being in arrears to changes in the independent variables was calculated. A greater percentage increase/decrease in the probability of being in arrears indicates that the variable has a particularly strong,

positive or negative influence on being in arrears, respectively.

These results confirm those found in the original model that household size is a major factor related to the RNH arrears problem. The likelihood of being in arrears increases by about 5.1 per cent when household size is increased by 10 per cent. This finding reinforces the notion that RNH households may be spending their income on other non-shelter costs, which leaves them less able to meet their shelter payments. The probability of being in arrears increased by 1.1 per cent when the likelihood of having the perception that it was difficult to make a living was increased by 10 per cent indicating that areas of, for example, high unemployment pose a greater risk to government in administering housing repayment programs.

The problem is not likely due to insufficient money alone, however, but also may be a result of an irregular income. As this elasticity analysis also shows, increasing the probability of an RNH household having full-time workers or a more stable income from welfare has a relatively strong influence on arrears. The likelihood of being in arrears drops by about 1.0 per cent when the probability of having full-time workers or welfare as a primary or secondary income is increased by 10 per cent.

Counselling on budgeting matters does reduce the probability of being in arrears. However, a 10 per cent increase in the number ever counselled would decrease homeowner arrears rates by only .26 per cent.

3. Findings: Renter Arrears

The logistic regression for rental arrears rates contained 31 variables. The final model, containing only those variables which were significantly related to a rental household being in arrears had nine variables. Renters in arrears tend to live in older RNH units and in remote areas, to have been counselled at the time of moving in, and to have recieved budget counselling recently.

Those households in which the head has a high school or post-secondary education are less likely to be in arrears. Renters who receive a pension, either as a primary or secondary source of income, also have less of a chance of being in arrears. Although pension income is typically less than employment earnings, it is a regular source of income and the fact that elderly tenants are more highly represented in the newer post-1985 rental units may help explain this apparent anomaly. Tenants who have ever been counselled on budgetary matters are less likely to be in arrears. Native rental households are less likely to be in arrears.

Also in contrast to the ownership arrears model, the equation for renters is a better representation of the factors related to being in arrears. The final model accounts for 36 per cent of the variation in the dependent variable.

A further analysis was done to estimate the impact of a 10 per cent increase in the mean values of the independent variables on the likelihood of being in arrears. Occupants of older rental housing are more likely to be in arrears: a 10 per cent increase in unit age augments the probability of being in arrears by over 7.8 per cent. The likelihood of being in arrears increases by almost 4.4 per cent when the proportion of tenants who live in remote areas is increased by 10 per cent. This first variable is related to the physical condition of rental housing. The fact that the probability of being in arrears is very sensitive to housing condition suggests, as for the ownership model, that the better the state of repair of accommodation the more likely occupants will feel compelled to make regular shelter payments. This result also points to the importance of ongoing property administration for maintaining the quality of the RNH stock. This is likely more difficult for units in remote areas.

Increasing the probability of a tenant having a high school education or better significantly lowers the likelihood of a renter being in arrears by 2.3 per cent. This finding reinforces the results of the original rental arrears model, that this problem is related to the ability of the occupant to earn a living.

Also, as in the original model, tenants receiving a pension were less likely to be in arrears. Increasing the proportion of those with this type of income by 10 per cent decreases the likelihood of them being behind in their rental payments by over 4.6 per cent. Again, there is a highly responsive relationship analogous to that for education/income. Pensions represent a regular income source, therefore making it easier for pensioners to keep up-to-date with their rent payments. Also, the incidence of elderly tenants is higher in newer rental housing, as discussed earlier, so the negative influence on occupant behaviour of living in units being in need of repair is less. Lastly, positive but very slight changes in arrears result from increasing the level of counselling about budgeting. This result suggests that improving the quality and frequency of current counselling methods may lower arrears rates.

D. Summary

Two approaches were employed in determining the factors most closely associated with RNH arrears rates among owners and renters. First, household, dwelling and location characteristics were compared between clients behind in their shelter payments and those not in arrears. Then, a regression

analysis was completed to isolate the types of RNH clients most likely to be in arrears on their shelter payments.

1. Arrears Patterns by Household, Dwelling and Location Characteristics

Approximately one-quarter of all RNH households are in arrears. This rate varies significantly, however by tenure group. Although both owners and renters have about the same percentage of households behind in their payments, 26.5 and 21.8 per cent, respectively, only 4.6 per cent of lease-purchase clients are in this category.

Arrears rates differ significantly by province, being under 10 per cent in Prince Edward Island and Ontario and zero per cent in Quebec. They range up to 50 per cent in Saskatchewan. The high rates also coincide with older and remote housing. More than one-third of households living in pre-1981 units are in arrears while the rate is 51.4 per cent in remote locations. Provinces which have high arrears levels overall also have high arrears rates among both owner and renter tenure groups. Furthermore, and coincident with the finding that arrears rates are higher for older units, a greater percentage of RNH households living in dwellings requiring repairs, especially in remote locations, are in arrears.

In addition to examining dwelling features and location, household characteristics such as income, ethnicity, size, length of occupancy and dwelling satisfaction, were considered for their association with arrears rates. It was found that Native households were more highly represented among those in arrears as were large, family-type households, those living under crowded conditions, those who were longer-term occupants and especially among those dissatisfied with their dwelling. These characteristics were associated with both owner and renter clients in arrears.

The factor of client counselling was checked for its influence on preventing households from falling behind in their payments. It was discovered that, regardless of client tenure group, counselling was not associated with lower rates of arrears, except for renters in remote areas.

The final household-related characteristic reviewed was a comparison of shelter and living expenses to income. It was found that, among owners, there are slightly higher expenses for those in arrears which differ by location: non-remote owners have higher non-shelter costs while remote owners have higher repair/maintenance expenses. For renters, shelter costs were higher for only those in remote areas.

2. Technical Assessment of Factors Affecting RNH Arrears Rates

A statistical regression analysis of the existence and strength of a relationship between a broad number of factors and the likelihood of being in arrears was undertaken.

Owners more likely to be in arrears on their mortgage payments tended to live in older housing and in units needing repair, to have contributed sweat equity to the building of their unit, to have large households with employment as their primary source of income, to have recently had their mortgage payment reviewed/revised, to want more information about budgeting and making payments, and to perceive their community as being a particularly difficult one in which to make a living. The factors which reduce the likelihood of being in arrears include: receiving welfare as a primary source of income, having relatively more full-time workers, having a high school education and ever having been counselled on budgeting matters.

After increasing the magnitude of the characteristics significantly related to being in arrears by 10 per cent, it was found that the impact of larger household size was the greatest, resulting in close to 5.0 per cent increase in the chance of being in arrears. In contrast, augmenting the number of households with welfare income or the number of full-time workers in the RNH household has a relatively weaker, negative influence on being in arrears. In general, the overall explanatory power of the regression model was very slight, indicating that there is a large, significant, random component unaccounted for by the characteristics tested in explaining arrears rates.

The likelihood of an RNH renter being in arrears was found to increase significantly for those living in older housing, those in remote areas, those counselled on budgeting matters at the time they moved in, and those recently counselled about budgeting or making their rent payments. Tenants who were more highly educated, had pensions as their main source of income, were ever counselled on budgeting matters, had employment as their main source of income or were Native, were less likely to be in arrears.

Finally, increasing the magnitude of those characteristics significantly associated with being in arrears showed that the number of household members living in a remote area and in an older unit had the greatest impact on increasing the chance of being behind in paying rent. But, increasing the number with higher education and having pension income had the greatest impact on lowering the likelihood of being in arrears for renters.

X OTHER RNH PROGRAM ISSUES

This chapter will examine those issues not directly related to program objectives achievement or delivery of the programs. But, in a similar fashion to arrears and deterioration of the units, a more in-depth discussion of other program design and delivery issues is required to complete the analysis. These issues include:

- client involvement in design and construction;
- RNH Demonstration/HAP objectives;
- management of the HAP and Demonstration programs;
- the appropriateness of the rent-to-income scale;
- treatment of different income sources;
- the impact of the heat allowance subsidy on low-income households;
- housing services and community norms;
- retention of capital gains;
- consideration of non-housing programs in RNH planning and delivery;
- the Emergency Repair Program - sufficiency of grant; and
- the distribution of the subsidy budget under alternative program designs.

A discussion of each follows.

A. Client Involvement in Design and Construction

Occupants of houses constructed under the Rural and Native Housing program (RNH Regular, F/P Basic Shelter (BSP), F/T Homeownership Assistance Program (HAP)) and the RNH Demonstration program, have a number of opportunities to participate in selecting from among available designs and/or in the construction of their house. These opportunities apply only to the first occupants of the house as required repairs are usually completed by the agency delivering the program prior to reoccupancy by subsequent households. Opportunities for self-help range from consultation at the unit design stage, including layout, materials, colours, etc., to participation in various or all aspects of the construction stage.

Client involvement in RNH design and construction ranges from minimal to almost total participation, depending on the type

of program. Under the RNH Regular and F/P Basic Shelter programs, construction of groups of houses is usually tendered to building contractors. Relatively limited opportunities exist for occupant participation in construction. Under the RNH Demonstration and F/T Homeownership Assistance programs, however, occupants are expected to actively participate in all phases of the design/construction of their house. This usually occurs under the supervision of a construction manager/supervisor and with the use of contracted labour where required for health or safety considerations. Prospective occupants usually enlist the help of other household members, friends and volunteers for the construction. They may also spend extra funds for subcontracted labour or purchasing upgraded materials.

The RNH Client Survey requested occupants to describe their participation in the selection of a design or the construction of their house. These include an indication of their involvement in various design and construction activities and the occupants' assessments of any gain and subsequent use of construction skills or knowledge, their level of skills and the availability of equipment for making home repairs.

Table 10.1 shows the proportion of households who participated in the design and/or construction of their home by type of RNH program. In the Regular RNH and F/P Basic Shelter programs, almost 35 per cent of occupants reported some involvement in the design/construction of the house. Almost all of the RNH demonstration clients, and almost 85 per cent of the HAP clients, reported doing most of the work in at least one construction activity.

TABLE 10.1
OCCUPANT PARTICIPATION IN DESIGN/CONSTRUCTION[1]

PROGRAM	INCIDENCE %	TOTAL NUMBER OF HOUSEHOLDS n
RNH Regular	34.7	478
RNH Demonstration	95.2	164
F/P Basic Shelter (N.B.)	38.5	41
F/T HAP (N.W.T.)	84.7	154

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] For RNH and F/P Basic Shelter, participation was indicated by being the first occupants of the house and having "some involvement" in the design/ construction of the house. For RNH Demonstration and F/T HAP, participation was doing most of the work in at least one of the following activities: design, excavation, utilities hookup, foundation, framing, roofing, exterior finishing, insulation, interior finishing or mechanical systems.

The area of involvement for RNH demonstration and HAP clients is shown in Table 10.2. Finishing work, insulation, framing and roofing were the activities where the majority of the work was most frequently carried out by the clients. Utilities hookup, excavation and design were the activities most frequently carried out by hired contractors. For activities of a more highly specialised nature, such as mechanical systems, utilities and excavation, HAP clients were more likely to have carried out most of the work than were RNH demonstration clients. For activities involving less specialised skills, such as framing and finishing, the RNH demonstration clients did more of the work. These differences suggest that HAP clients were likely more skilled in residential construction than their RNH demonstration counterparts.

TABLE 10.2
HOUSEHOLDS REPORTING DOING "MOST" OF THE WORK THEMSELVES[1]

TYPE OF WORK	RNH DEMONSTRATION % (n=128)	F/T HAP % (n=68)
Interior finishing	92.2	74.6
Exterior finishing	92.0	71.0
Insulation	89.0	80.3
Framing	88.4	54.6
Roofing	86.4	57.1
Foundation	51.0	44.6
House design	36.1	34.4
Excavation	28.6	30.8
Mechanical systems	23.4	38.7
Utilities hookup	18.9	22.1

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Respondents were asked "who did most of the work - household members, friends and volunteers or construction manager and hired labour?"

The clients were asked to assess the experience of constructing their house. Table 10.3 shows the clients' assessments of whether they gained knowledge, used the skills since, know how to make repairs and have the equipment to do repairs. The majority of clients reported that they gained knowledge and have used the skills since constructing their house. The F/T HAP clients were less likely to report knowledge gains. However, they are more likely than the RNH demonstration clients to have used these skills since completing the house. Almost 90 per cent of both the RNH demonstration and HAP clients feel that they are able to make repairs to their homes compared to less than 65 per cent of Regular RNH and F/P Basic Shelter clients who were not as involved in the construction of their house. The clients in the Regular programs are also much less likely to have the equipment (tools, supplies, materials) to carry out the repairs.

TABLE 10.3
OCCUPANT ASSESSMENT OF THEIR KNOWLEDGE AND SKILLS

	RNH % (n=2,567)	RNH DEMO % (n=129)	F/P BSP % (n=57)	F/T HAP % (n=67)
Gained knowledge (Agree, Strongly Agree)	N/A[1]	89.0	N/A	75.1
Used skills since (yes)	N/A	61.3	N/A	74.6
Know how to make repairs (Agree, Strongly Agree)	62.8	87.6	63.9	87.1
Do not have equipment (Agree, Strongly Agree)	44.1	35.7	59.9	36.2

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] These questions were not asked of RNH Regular and Basic Shelter households.

As shown in Table 10.4, there are some striking differences in the manner in which demonstration versus HAP households participated in the construction of their dwellings. Although both client groups report having a similar average number of household members involved, demonstration owners relied on more than twice the average number of friends to help. The average amount spent on labour and/or materials by HAP owners is almost four times that reported by demonstration clients.

TABLE 10.4
HOUSEHOLD CHARACTERISTICS

CHARACTERISTICS	RNH (n=2,708)	RNH DEMO (n=129)	F/P BSP (n=59)	F/T HAP (n=69)
Household members involved in construction (#)	N/A[1]	2.1	N/A	2.3
Friends involved in construction (#)	N/A	6.8	N/A	3.2
Cash for construction from household ($)	N/A	2,315	N/A	8,970

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] These questions were not asked of RNH Regular and Basic Shelter occupants.

B. RNH Demonstration/HAP Objectives

1. Building Kits

One of the objectives of the RNH Demonstration program was to conduct research into the development and use of building kits. There was little use of a building kit approach (i.e. precut, prepackaged kit) as originally envisaged under the program.

There was some use of the prefabricated construction approach, whereby the unit was substantially built off-site and delivered or assembled on-site. As shown in Table 10.5 the use was greatest under the F/P Basic Shelter Program (7.6 per cent). This type of construction method was used for 5.5 per cent of all RNH Regular units, but only 2 per cent of the post-1985 RNH Regular units. Slightly over 3 per cent of RNH demonstration units were of this type. For all units, no significant quality differences were found between stick-built and prefab units. There are not enough cases to compare quality differences by construction method for RNH demonstration and HAP units.

TABLE 10.5
CONSTRUCTION APPROACH

	USED PREFAB CONSTRUCTION APPROACH	
	%	n
ALL PROGRAMS	5.4	3,631
RNH Regular	5.5	3,334
RNH Regular Post-1985	2.0	757
RNH Demonstration	3.2	144
F/P Basic Shelter (N.B.)	7.6	68
F/T HAP (N.W.T.)	0.0	85

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

2. Availability of Supplies

In most of the locations where the Demonstration and HAP programs operated, there is no readily available supplier of building materials and equipment. Thus, if the materials package delivered to the site is deficient, obtaining additional supplies can create substantial problems. A measure of the effectiveness of this approach is the clients' assessment of the availability of materials during construction.

As shown in Table 10.6, only one in six HAP or RNH demonstration clients felt that the materials and equipment to build the house were not available when needed. This problem was more common under HAP. Materials availability may adversely affect dwelling condition if the lack of materials or equipment results in the use of inappropriate substitutes or incomplete work. Occupants of dwellings in need of major repairs were much more likely to have experienced problems of availability than occupants in dwellings in better condition.

TABLE 10.6
AVAILABILITY OF MATERIALS
RNH DEMONSTRATION AND F/T HAP UNITS

	MATERIALS AND EQUIPMENT AVAILABLE WHEN NEEDED			
	AGREE %	NEUTRAL %	DISAGREE %	SAMPLE SIZE n
ALL	70.9	12.6	16.5	189
PROGRAM				
RNH Demonstration	75.2	11.4	13.4	124
F/T HAP (N.W.T.)	66.1	13.9	20.0	65
DWELLING CONDITION				
Regular maintenance	76.7	10.9	12.4	112
Minor repairs	64.9	16.4	18.7	68
Major repairs	31.9	7.8	60.3	9

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

3. Community Acceptance

It was found, based on the views of community representatives, in areas where RNH demonstration housing has been constructed, that there was an equivalent level of awareness of and acceptance toward the provision of government housing as there was in municipalities with other forms of RNH assistance. As shown in Table 10.7 generally one-half of the community representatives responding indicated their community was aware of the government housing assistance locally. It was over 60 per cent in the Northwest Territories for the HAP program. Furthermore, about 70 per cent of the representatives assessed their communities as being in favour of government housing assistance in areas with demonstration housing, very similar to localities with RNH Regular forms of assistance. The proportion in favour was highest in the Northwest Territories, served by the HAP program.

TABLE 10.7
COMMUNITY AWARENESS AND ACCEPTANCE
REGARDING GOVERNMENT HOUSING ASSISTANCE

COMMUNITY VIEWS	COMMUNITIES BY TYPE OF RNH ASSISTANCE[1]									
	DEMONSTRATION		RNH REGULAR HOMEOWNER/BSP		RENTAL/LTP		ERP		F/T HAP	
	%	n	%	n	%	n	%	n	%	n
Aware of Gov't. housing funding	56.0	14	53.9	622	56.0	282	54.4	252	63.3	30
In favour of Gov't housing funding	68.0	17	65.2	637	68.7	291	71.7	265	84.4	32

SOURCE: RNH Community Representatives Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Categories not mutually exclusive, as more than one type of assistance may have been provided in one community.

C. Counselling under the HAP and Demonstration Programs

1. HAP

The counselling responsibility of the Northwest Territories Housing Corporation (NWTHC) which administers the HAP program consists of "ensuring clients understand their responsibilities before starting the project", and assisting them in selecting a house design.[1] In contrast to the RNH Demonstration program, which encourages participation by prospective owners in building their unit and who may have no related experience, the HAP program specifies that "the client should have the skill, knowledge and initiative to build his/her own house". Information and advice is provided during construction through the construction supervisor as required. An on-site inspection is to be performed annually for the first five years, however its purpose is to confirm continuous occupancy and to advise the client of the amount of the forgivable loan which has been written off rather than to check the physical condition of the unit. Although formal counselling is not required, some HAP owners may have been given advice on an informal basis by the NWTHC Inspector or by the Corporation directly or by the local housing association, during construction and/or after occupancy.

---

[1] "Guidelines and Procedures Manual", the HAP program NWTHC, October, 1988.

A total of five indicators were employed to evaluate the effectiveness of HAP client counselling activity: occupant perceptions about the inherent value of the service; occupant perceptions about their improvement in construction knowledge and skills; the type of counselling clients recall ever receiving; the type of advice clients recall being recently given through personal contact or other means; and HAP owner ratings of the information they have received and that they still require.

First, on the basis of pre-occupancy construction advice, a majority of HAP respondents agreed that the construction manager provided them with training and know-how; that the construction manager was encouraging and supportive and that, overall, they improved their construction knowledge and skills. As shown in Table 10.8, close to a majority also rated NWTHC staff as helpful in the area of pre-occupancy information.

TABLE 10.8
HAP HOMEOWNERS' PERCEPTIONS ABOUT THE VALUE OF PRE-OCCUPANCY INFORMATION

	TYPE OF PRE-OCCUPANCY INFORMATION[1]							
	CONST. MANAGER TRAINING		CONST. MANAGER SUPPORT		NWTHC STAFF HELPFUL		OVERALL IMPROV. IN CONSTRUCTION KNOWLEDGE/SKILLS	
TERRITORY	%	n	%	n	%	n	%	n
N.W.T.	61.8	68	59.7	67	47.8	67	76.1	67

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Percentage agreeing somewhat to strongly, i.e. level 4 or 5 on 5-point scale with the following statements:
- the construction manager provided training and know-how.
- the construction manager provided encouragement and support.
- NWTHC staff were helpful and supportive.
- I/we gained or improved my/our construction knowledge and skills.

Second, the construction supervisor was identified as a key source for improving client construction knowledge and skills, compared to the staff of the Housing Corporation (Table 10.9). The percentage of clients who indicated they had improved their construction knowledge and skills by referring to written material was almost equal to the percentage that rated NWTHC staff as helpful.

TABLE 10.9
HOW CONSTRUCTION KNOWLEDGE AND SKILLS GAINED/IMPROVED BY HAP HOMEOWNERS

TYPE OF SOURCE	HAP HOMEOWNERS[1] %	SAMPLE SIZE n
Construction supervisor	54.9	51
NWTHC staff	19.6	51
Books, pamphlets	17.6	51
Films, videos	0.0	51
Classes	3.9	51
Other	39.2[2]	51

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Only those indicating they gained or improved their construction knowledge/skills.

[2] More than one category could be checked. One-half of these respondents also named either the construction supervisor or NWTHC staff as the reason for their improved knowledge and skills.

Third, given that formal counselling is not a requirement, it is not surprising to find that less than one-quarter of HAP households has ever received counselling as illustrated in Table 10.10. Two types of counselling stand out as having been undertaken to a somewhat greater degree, that of advising on home maintenance and house insurance, compared to home repairs or budgeting.

TABLE 10.10
PERCENTAGE OF HAP HOMEOWNERS EVER RECEIVED COUNSELLING

TYPE OF COUNSELLING	HAP HOMEOWNERS[1] %	SAMPLE SIZE n
Home maintenance	18.1	72
Home repairs	16.7	60
Budgeting	12.5	72
House insurance	25.4	71

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Owners indicating they have ever received this type of information or advice.

Fourth, when examined in terms of counselling done in the past year, almost one-third of HAP owners report having been visited or otherwise contacted for the purpose of checking dwelling condition as summarised in Table 10.11. This occurrence likely corresponds to the required annual visit by an inspector.

TABLE 10.11
PERCENTAGE OF HAP HOMEOWNERS RECENTLY VISITED BY GOVERNMENT STAFF[1]

REASON FOR VISIT	HAP HOMEOWNERS %	SAMPLE SIZE n
Checking house condition	31.0	71
Discussing home maintenance	7.1	70
Discussing budgeting	4.3	70

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Percentage of clients visited in the past 12 months.

Finally, only 29.6 per cent of those who received information or advice rated it as "very useful". In fact, over 55 per cent of HAP respondents disagreed that the information they did receive was useful. There appears to be a particular need among HAP owners for more information about making house repairs, and managing their finances as shown in Table 10.12. These results suggest that the introduction of formal follow-up counselling may be appropriate.

Together these indicators of the level and quality of HAP counselling activity suggest that the vehicle of employing a construction supervisor has provided noticeable improvements in client construction skills and knowledge. Although the percentage of clients who report receiving information about maintenance is low, HAP client practices are generally good. There is also a significant proportion of owners who want more and better information on making repairs and budgeting.

TABLE 10.12
HAP HOMEOWNERS
RATING OF INFORMATION/ADVICE RECEIVED OR REQUIRED

STATEMENTS ABOUT INFORMATION/ASSISTANCE RECEIVED OR REQUIRED	AGREE[1] %	NEUTRAL %	DISAGREE %	SAMPLE SIZE n
I found the information received to be very useful.	29.6	13.0	57.4	54
I feel that I need more information about budgeting.	57.8	7.8	34.4	64
I feel that I need more information about making house repairs.	58.5	9.2	32.3	65

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Somewhat or strongly agree, i.e. level 4 or 5 on a 5-point scale; neutral i.e. level 3; disagree i.e. level 1 or 2.

2. RNH Demonstration Program

Homeowner counselling is not a formal part of the Demonstration program in the same sense as for the Regular program. The self-help component plus the involvement of an on-site construction supervisor are meant to provide the equivalent guidance to owners to enable them to maintain and repair their unit over the time of their occupancy. However, for information and comparison purposes, an analysis equivalent to that completed for the Regular program is presented.

Information is given to prospective RNH demonstration owners prior to their selection for assistance to ensure they are familiar with the financial, maintenance and repair responsibilities of this tenure. Before signing their forgivable loan agreement, clients are advised about completing their unit on time, and in choosing a suitable design, site and building materials.

Advice is to be given to owners to ensure that they can properly undertake home maintenance and the operation of mechanical systems of the house. The evaluation measured the extent to which counselling was administered to RNH demonstration owners by surveying them about their ever having been visited or contacted by housing staff for home

maintenance and budgeting. Also survey respondents' recollections about the type of information, timing and value of pre-occupancy counselling they received, were analysed. In addition to these indicators, information is reviewed on the RNH demonstration owners' perceived value of the assistance they received from the construction manager and CMHC staff, as well as of written and audiovisual material.

As shown in Table 10.13, only about 30 per cent of RNH demonstration homeowners have ever received counselling. The percentages range from a low of 18.5 who indicate receiving information about household budgeting to a high of 37.3 per cent who said they were provided advice on house insurance.

TABLE 10.13
PERCENTAGE OF RNH DEMONSTRATION HOMEOWNERS EVER RECEIVED COUNSELLING[1]

TYPE OF COUNSELLING	RNH DEMONSTRATION HOMEOWNERS %	SAMPLE SIZE n
Home maintenance	34.1	46
Home repairs	28.9	39
Budgeting	18.5	26
House insurance	37.3	50

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Percentage of owners indicating they have ever received this type of information or advice.

As shown in Table 10.14, one-third of RNH demonstration owners report that the condition of their dwelling was checked by CMHC. This indicates that follow-up counselling is being done but at a rate much lower than might be expected given that a post-occupancy inspection which acts as a residency check is to occur annually. The extent of counselling about home maintenance is very low, at under five per cent. It is apparent that counselling on following a household budget was rare. Only about two per cent of recent owners report having been counselled in this area, which represents the total amount which has occurred, according to client reports.

TABLE 10.14
PERCENTAGE OF RNH DEMONSTRATION HOMEOWNERS RECENTLY CONTACTED[1] BY CMHC STAFF BY TYPE OF REASON

REASON FOR VISIT	RNH DEMONSTRATION HOMEOWNERS %	SAMPLE SIZE n
Checking house condition	33.1	129
Discussing home maintenance	4.9	127
Discussing budgeting	1.6	125

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Percentage of owners contacted in the last 12 months.

As shown in Table 10.15, the majority of clients received counselling before they moved into their unit. As also shown in the table, non-remote areas appeared to have been served more consistently than remote locations.

TABLE 10.15
PERCENTAGE OF RNH DEMONSTRATION CLIENTS BY TIMING OF COUNSELLING[1] AND LOCATION

	TIME WHEN INFORMATION/ADVICE RECEIVED					
	BEFORE MOVING IN		AT TIME MOVED IN		AFTER MOVING IN	
	%	n	%	n	%	n
ALL DEMO OWNERS	80.4	55	33.6	50	51.7	52
LOCATION						
Remote	60.2	10	14.0	9	75.0	11
Non-remote	87.6	38	37.1	36	49.5	35

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Includes home maintenance or repairs, or budgeting, or making shelter payments, or on getting house insurance.

When asked about the value of pre-occupancy counselling, a large percentage of RNH demonstration clients rated CMHC staff as being helpful and supportive (Table 10.16). This trend was also apparent between remote and non-remote locations. Interviews with CMHC staff and demonstration clients as part

of the annual monitoring of the program suggest that the construction managers could be better coached regarding the leadership and motivational roles they require. Almost all RNH demonstration clients said they improved their knowledge and skill in construction as a result of their participation in the program, a tribute to the self-help objective of this initiative.

TABLE 10.16
RNH DEMONSTRATION HOMEOWNERS' PERCEPTIONS ABOUT THE VALUE OF PRE-OCCUPANCY COUNSELLING BY LOCATION

	TYPE OF PRE-OCCUPANCY COUNSELLING[1]							
	CONST. MNGR. TRAINING		CONST. MNGR. SUPPORT		CMHC STAFF HELPFUL		OVERALL IMPROVEMENT IN CONST. KNOWLEDGE/ SKILLS	
	%	n	%	n	%	n	%	n
ALL DEMO OWNERS	59.8	129	71.0	129	81.6	129	88.9	129
LOCATION								
Remote	53.8	37	68.7	37	70.4	37	87.7	37
Non-remote	62.6	67	70.8	67	86.3	67	85.7	67

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Percentage agreeing somewhat to strongly, i.e. level 4 or 5 on a 5-point scale with the following statements:
- the construction manager provided training and know-how.
- the construction manager provided encouragement and support.
- CMHC staff were helpful and supportive.
- I/we gained or improved my/our construction knowledge and skills.

Although CMHC staff were given top ranking for being helpful and supportive during the construction phase, clients attributed their improvement in their knowledge about construction and skill in building to the construction manager (Table 10.17). Written or audiovisual material were ranked much lower in value.

Overall, almost three-quarters of RNH demonstration clients assessed the counselling they received as very useful, as shown in Table 10.18. However, there was a slight preference among demonstration respondents for more information about home repairs, compared to household budgeting.

TABLE 10.17
HOW CONSTRUCTION KNOWLEDGE AND SKILLS GAINED/IMPROVED BY RNH DEMONSTRATION HOMEOWNERS

TYPE OF SOURCE	RNH DEMONSTRATION HOMEOWNERS[1] %	SAMPLE SIZE n
Construction manager	53.2	116
CMHC staff	18.5	116
Books, pamphlets	14.2	116
Films, videos	3.7	116
Formal classes	1.1	116
Other	49.3	116

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Only those indicating they gained or improved their construction knowledge/skills.

TABLE 10.18
RNH DEMONSTRATION HOMEOWNERS
RATING OF INFORMATION/ASSISTANCE RECEIVED OR REQUIRED

STATEMENTS ABOUT INFORMATION/ASSISTANCE RECEIVED OR REQUIRED	AGREE[1] %	NEUTRAL %	DISAGREE %	SAMPLE SIZE n
I found the information received to be very useful.	73.3	17.7	9.0	74
I feel that I need more information about budgeting and making payments.	13.1	13.3	73.6	114
I feel that I need more information about making house repairs.	25.8	12.7	61.5	121

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Somewhat or strongly agree; i.e. level 4 or 5 on 5-point scale, neutral i.e. level 3; disagree i.e. level 1 or 2.

D. The Appropriateness of the Rent-to-Income Scale[1]

The issue to be evaluated is the extent to which the rent-to-income scale takes into account the non-shelter needs of client households. This is evaluated by measuring disposable income. Disposable income is based on gross annual income less income taxes, rent/mortgage, shelter expenses and non-housing expenditures. Because the Client Survey did not gather information on income taxes, a tax rate was estimated from the 1988 HIFE data on household income and after tax income. A separate tax rate was calculated for those with employment income, welfare income, and pension income.

In the analysis, the population is divided into income-to-CNIT quartiles. This was done by calculating the ratio of household income to the Core Need Income Threshold for the relevant area and household size. Then the households were ranked according to this ratio in ascending order and divided into four groups.

Apart from HAP and demonstration clients who have no mortgage, the Basic Shelter Program households have the lowest rent/mortgage payments as compared to households in the Regular RNH program (Table 10.19). In the second quartile (an income-to-CNIT ratio of between .43 and .61) the average rent/mortgage payment for Basic Shelter households is $1,931, whereas RNH homeowner and rental households pay $2,551 and $2,410 respectively.

Average additional shelter cost is lowest for rental client households. This is because some of the costs are included in the rent charged. The higher cost of northern and remote living is reflected in the higher average for shelter and non-housing expenses that HAP households incur.

The RNH Client Survey asked respondents to think about the basic and necessary payments for non-housing expenditures such as food, clothing, medical, dental and transportation. These are significant, as reported in Table 10.19. The average ranges from $7,000 to $15,000 depending on income and location. These expenditures are generally higher than total shelter costs.

---

[1] In the calculation of the rent-to-income scale, the post-1985 program defines total household income as income from all household members 15 years or over, whereas in the pre-1986 program income above $75 of all members of the family other than the family head or spouse was excluded from the definition of income. This change means that income from members in an extended family is now included in the determination of payment amounts.

Table 10.19 shows the average expenditures and disposable income left for each quartile by program. It is clear that the lowest-income households in all of the programs have trouble making ends meet, since their average disposable income is less than zero. Regular RNH homeowners seem to be in the worst situation, since even those in the second real income quartile have a negative disposable income.

Total shelter costs are higher for the rental clients, while other expenditures are higher for the demonstration clients. However, these two groups enjoy similar benefits as they have more disposable income than the others.

The demonstration clients are better-off than the Regular RNH homeowners, due mainly to their not having to make a mortgage payment.

These findings call into question the use of a rent-to-income scale for the RNH programs which exacts a 25 per cent payment from very low-income clients, leaving them little left over for other necessities.

E. Treatment of Different Income Sources

The shelter payment (mortgage or rent) under the RNH programs is calculated according to a payment-to-income scale. For households not receiving welfare, the rent-to-income scale is used to calculate shelter payment. Households receiving welfare should pay the greater of 25 per cent of total income or the maximum shelter component of the welfare payment.

The issue to be evaluated is whether the payment-to-income scale treats households receiving differing sources of income in an equitable manner. This will be done by comparing the ratio of total shelter costs to gross household income for various income sources while controlling for tenure and income level. If the ratios are comparable, then it could be concluded that the payment-to-income scales are fair in their treatment of different sources of income.

For homeowners, the ratio of shelter costs-to-income is higher for those on welfare than those earning their own income (Table 10.20), suggesting that wage earners are better-off than welfare recipients under the homeowner RGI scales.

For renters, those on welfare in the lower-income categories are better-off than those earning their own income. However, wage earners and pensioners in higher-income categories are better-off than those on welfare.

TABLE 10.19
AVERAGE ANNUAL EXPENDITURES BY PROGRAM
(ALL INCOME SOURCES)

INCOME-TO-CNIT QUARTILE[1]	GROSS INCOME $	NET INCOME $	RENT/ MORTGAGE $	ADDITIONAL SHELTER COST $	NON-HOUSE EXPENSES $	DISPOSABLE INCOME $	SAMPLE SIZE n
RNH HOMEOWNER							
Q1	7,037	6,839	1,733	1,697	7,080	-3,671	232
Q2	10,733	10,168	2,551	1,657	6,905	-946	298
Q3	15,214	14,015	3,211	1,725	8,143	936	329
Q4	27,409	23,630	4,834	1,727	9,400	7,668	382
RNH RENTAL							
Q1	8,071	7,746	1,553	1,285	6,701	-1,793	157
Q2	11,784	11,062	2,410	552	7,904	196	110
Q3	17,122	15,362	3,060	538	7,177	4,588	64
Q4	30,693	25,910	3,695	1,039	12,298	8,879	24
RNH DEMONSTRATION							
Q1	7,628	7,387	0	1,249	7,535	-1,398	20
Q2	12,625	11,735	0	1,939	8,986	811	29
Q3	17,276	15,745	0	1,769	8,775	5,202	36
Q4	-	-	-	-	-	-	16
F/P BASIC SHELTER							
Q1	-	-	-	-	-	-	14
Q2	9,304	9,015	1,931	1,659	7,527	-2,102	21
Q3	-	-	-	-	-	-	9
Q4	-	-	-	-	-	-	2
F/T HAP							
Q1	-	-	-	-	-	-	7
Q2	-	-	-	-	-	-	5
Q3	-	-	-	-	-	-	17
Q4	60,714	48,885	0	3,653	14,554	30,677	21

SOURCE: [1] RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: The upper bounds of the first, second, and third income-to-CNIT quartiles are .43, .61 and .93 respectively.
"-" indicates less than 20 cases.

TABLE 10.20
AVERAGE ANNUAL EXPENDITURES BY PROGRAM[1]

INCOME-TO-CNIT QUARTILE[2]	GROSS INCOME $	RENT/ MORTGAGE $	ADDITIONAL SHELTER COST $	TOTAL SHELTER COSTS $	RATIO OF TOTAL SHELTER COSTS TO GROSS INCOME $	SAMPLE SIZE n
INCOME FROM EMPLOYMENT[3]						
RNH HOMEOWNER						
Q1	7,361	1,805	1,643	3,448	0.51	116
Q2	11,744	2,826	1,742	4,569	0.40	181
Q3	15,822	3,281	1,728	5,009	0.32	279
Q4	27,519	4,865	1,731	6,596	0.25	371
RNH RENTAL						
Q1	8,102	1,510	1,649	3,158	0.47	51
Q2	14,200	2,373	761	3,134	0.24	57
Q3	20,866	3,296	890	4,187	0.21	42
Q4	32,529	3,688	1,190	4,879	0.16	22
WELFARE INCOME						
RNH HOMEOWNER						
Q1	6,626	1,671	1,662	3,333	0.54	100
Q2	9,456	2,246	1,592	3,839	0.41	100
Q3	12,751	2,867	1,669	4,536	0.36	40
Q4	-	-	-	-	-	2
RNH RENTAL						
Q1	7,987	1,510	1,036	2,547	0.35	90
Q2	13,127	2,493	1,043	3,535	0.30	23
Q3	-	-	-	-	-	3
Q4	-	-	-	-	-	1
INCOME FROM OAS/GIS						
RNH RENTAL						
Q1	-	-	-	-	-	15
Q2	8,639	2,408	97	2,505	0.29	30
Q3	-	-	-	-	-	17
Q4	-	-	-	-	-	1

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Most of the programs have insufficient cell counts for inclusion, especially Lease-Purchase, BSP, HAP, and Demonstration programs.
[2] The upper bounds of the first, second and third income-to-CNIT quartiles are .43, .61 and .93 respectively.
[3] Includes UIC, Workmen's compensation and other employment-related sources.
"-" indicates less than 20 cases.

F. The Impact of the Heat Allowance Subsidy on Low-Income Households

The Rural and Native Housing Review (1980) found that high heating and maintenance costs prevented some very low-income households from accessing the RNH programs. In order to improve access to the ownership program by low-income households, Cabinet authorised expenditures for a heating subsidy in 1984. The heat subsidy was not introduced until 1986. It is now available for all new RNH homeowner clients. In Newfoundland, Ontario, Manitoba, Saskatchewan, Alberta, the Northwest Territories and the Yukon it is also available for clients who entered the program prior to 1986.

Has the heat subsidy allowed more lower-income households to participate in the programs? This question can be evaluated via an examination of the proportion of lower-income households in the lowest real income quartiles before and after the heat allowance subsidy was introduced. A lower-income household is defined as a household within the lower two quartiles of the income-to-CNIT ratio. It is expected that the proportion of lower-income households should be slightly higher in the post-1985 programs than the pre-1986 programs.

First, the impact of the heating subsidy on affordability will be examined (Table 10.21). Nationally, lower-income households in pre-1986 units in provinces which do not provide a heating allowance to pre-1986 clients have a higher rent/mortgage-to-income ratio than post-1985 clients. There is little difference for higher-income households in these provinces. There is also little difference in average affordability for pre-1986 and post-1985 clients in these provinces which offer a heating subsidy to both.

The impacts of the introduction of the heating allowance are not discernible. Overall, there has been a slight decrease in low-income participation in the homeowner program as 44 per cent of the clients were in the lowest income-to-CNIT quartiles for pre-1986 commitments, while only 42 per cent of the clients were in the lowest income-to-CNIT quartiles for post-1985 commitments (Table 10.22). This pattern is found in Ontario and Alberta - provinces which have extended the heating subsidy to pre-1986 clients - and in Nova Scotia and British Columbia, provinces which have not extended the heating subsidy to pre-1986 clients. The only evidence of improved lower income penetration in the homeowner program is in New Brunswick, a province which does not offer a heating subsidy to pre-1986 clients.

One possible reason for the lack of impact of the heat subsidy in increasing lower-income household's participation in the homeowner program is the use of the rental program to achieve the objective of serving lower-income households leaving the pre-1985 homeowner programs to serve higher-income households.

TABLE 10.21
RNH HOMEOWNER AND BASIC SHELTER HOUSEHOLDS
RENT/MORTGAGE OVER INCOME RATIO

	PRE-1986				POST-1985			
PROVINCE/ TERRITORY	Q1/Q2[1] %	SAMPLE SIZE n	Q3/Q4[1] %	SAMPLE SIZE n	Q1/Q2 %	SAMPLE SIZE n	Q3/Q4 %	SAMPLE SIZE n
Newfoundland	0.28	90	0.19	112	-	8	-	10
P.E.I.	-	3	-	12	-	0	-	8
Nova Scotia	0.30	37	0.21	60	-	8	-	18
New Brunswick	0.24	49	0.21	44	0.22	57	-	18
Quebec	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Ontario	0.21	49	0.18	70	0.26	21	0.19	30
Manitoba	0.22	56	0.14	46	-	4	-	5
Saskatchewan	0.23	70	0.19	99	-	0	-	0
Alberta	0.28	83	0.22	115	-	9	0.22	24
B.C.	0.38	41	0.22	68	-	9	0.25	23
N.W.T.	-	19	-	14	-	0	-	0
Yukon	-	0	-	0	-	1	-	1
Prov.[2] with subsidy for pre-1986 clients	0.24	367	0.19	456	0.26	43	0.19	70
Prov. without subsidy for pre-1986 clients	0.29	130	0.21	184	0.25	74	0.22	67
CANADA	0.26	497	0.20	640	0.26	117	0.20	137

SOURCE: [1] RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Q1/Q2 are the first two income-to-CNIT quartiles, Q3/Q4 are the last two income-to-CNIT quartiles.
[2] Heating allowance available to pre-1986 clients in Newfoundland, Ontario, Manitoba, Saskatchewan, Alberta, the Northwest Territories and the Yukon.
"-" indicates less than 20 cases.

TABLE 10.22
DISTRIBUTION OF RNH HOMEOWNER AND BASIC SHELTER HOUSEHOLDS BY INCOME-TO-CNIT QUARTILES

PROVINCE/TERRITORY	PRE-1986 Q1/Q2[1] %	PRE-1986 Q3/Q4[1] %	PRE-1986 SAMPLE SIZE n	POST-1985 Q1/Q2 %	POST-1985 Q3/Q4 %	POST-1985 SAMPLE SIZE n
Newfoundland	47.8	52.2	202	-	-	18
Prince Edward Island	-	-	15	-	-	8
Nova Scotia	37.2	62.8	97	32.4	67.6	26
New Brunswick	58.8	41.2	93	76.1	23.9	75
Quebec	N/A	N/A	N/A	N/A	N/A	N/A
Ontario	40.9	59.1	119	36.3	63.7	51
Manitoba	51.0	49.0	102	-	-	9
Saskatchewan	37.0	63.0	169	-	-	0
Alberta	40.0	60.0	198	26.7	73.3	33
British Columbia	38.8	61.2	109	26.8	73.2	33
Northwest Territories	58.2	41.8	33	-	-	0
Yukon	-	-	0	-	-	2
Prov. with subsidy[2] for pre-1986 clients	42.8	57.2	823	35.5	64.5	113
Prov. without subsidy for pre-1986 clients	45.3	54.7	314	51.6	48.4	142
CANADA	43.6	56.4	1,137	41.6	58.4	255

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] Q1/Q2 are the first two income-to-CNIT quartiles and Q3/Q4 are the last two income-to-CNIT quartiles.
[2] Heating allowance available to pre-1986 clients in Newfoundland, Ontario, Manitoba, Saskatchewan, Alberta, the Northwest Territories and the Yukon.
"-" indicates less than 20 cases.

G. Housing Services and Community Norms

As part of the Physical Condition Survey, CMHC inspectors assessed each unit's condition compared to other units in the community. Table 10.23 shows the incidence of units rated above, the same as, or below local community norms. Overall, three-quarters of the units were assessed to be the same as community norms. Seventeen per cent were rated above and seven per cent below the community norm. Newer units were much more likely to be rated above the norm. Almost all HAP units, forty per cent of post-1985 RNH Regular units and 37 per cent of RNH demonstration units were rated above the community norm as well. These comparisons indicate that RNH housing is being provided and maintained in a manner largely suited to the surrounding residential environment.

In remote areas, more units were rated as being above the community norm than in non-remote areas (31.9 per cent versus 13.6 per cent), although the proportions rated below the norm were similar (5.8 per cent versus 7.0 per cent). For the post-1985 units only, a similar pattern is apparent although the vast majority (71 per cent) of the units in remote areas were rated above the norm. It is apparent that RNH housing in remote locations is often the best in the area, especially considering the more recently constructed RNH housing.

TABLE 10.23
UNIT COMPARISON TO COMMUNITY NORMS
INSPECTOR ASSESSMENT

UNIT IN RELATION TO COMMUNITY NORMS	ALL RNH %	POST-85 RNH %	DEMON-STRATION %	F/P BSP %	F/T HAP %
Above	16.9	40.3	36.7	1.8	95.8
Same	76.2	58.2	62.6	92.8	4.2
Below	6.9	1.5	0.7	5.4	0.0

	REMOTE AREAS		NON-REMOTE AREAS	
	ALL %	POST-85 %	ALL %	POST-85 %
Above	31.9	71.1	13.6	27.1
Same	62.3	28.6	79.4	70.7
Below	5.8	0.3	7.0	2.2

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

H. Retention of Capital Gains

In the wake of rapidly escalating house prices in some rural and remote areas, the policy of allowing an RNH homeowner to keep any profit he makes upon the sale of his unit has been challenged as a form of subsidised equity. An opposing view suggests that clients would have very little incentive to own otherwise. In order to gain a better understanding of the issue, it is necessary to examine the extent to which capital gains are realised, under what circumstances they occur and the effect of perceiving equity appreciation on an owner's likelihood of meeting their tenure responsibilities. Each of these considerations is discussed in turn.

1. RNH Sale Prices

RNH homeowners who sell, earn an equity gain by the extent to which the sale price exceeds the original price or costs of the unit. The extent to which RNH owners have been able to sell for a profit has been estimated from the perceptions of owners and representative residents of RNH communities, balanced by delivery personnel accounts based on their work experience. RNH owners were asked to estimate on a scale of 1 to 5 if they could currently sell their house for less, the same or more than the amount they paid. RNH government staff with both CMHC and the provinces and Native Delivery Group spokespersons were also asked to rank on a 3-point scale if a typical RNH homeowner in their jurisdiction would receive less, the same, or more than he paid for his unit if he sold it. It should be noted that these perceptions of potential increases in values for RNH houses may not be as accurate as sales price data based on actual transactions for similar houses, over time, for the area in question. No attempt was made to collect such data for the evaluation. Therefore, additional research with actual sales transaction data would be required to determine the accuracy of these perceptual results.

Forty-five per cent of all RNH homeowners (Regular, Demonstration, BSP, and HAP), felt that they would be able to sell their house for more than the price that they paid for it. There are regional patterns, however. As shown in Table 10.24, the percentage is significantly higher for owners in Ontario, Nova Scotia, and the Northwest Territories. The two southern provinces have larger urban centres, most notably Toronto and Halifax/Dartmouth respectively. The size and proximity of these active housing markets may explain the relatively high percentages of RNH homeowners in these provinces believing they can sell their home for a capital gain. It was also found that the perception of higher resale prices in remote areas was shared by a much lower percentage of Regular and demonstration clients, compared to HAP owners (Table 10.24). There is no apparent explanation for the high percentage of HAP clients reporting that they could sell their unit for a higher price than they paid for it, and further study would be required to determine the reasons for this result.

TABLE 10.24
RNH HOMEOWNERS' PERCEPTION OF
THE POTENTIAL FOR CAPITAL GAINS
BY PROVINCE/TERRITORY

	PERCEPTION OF SALE PRICE VS PURCHASE PRICE[1]			
	LESS THAN %	SAME AS %	MORE THAN %	SAMPLE SIZE n
ALL RNH/BSP OWNERS	25.3	29.7	45.0	1,445
PROVINCE/TERRITORY				
Newfoundland	39.9	28.0	32.1	230
P.E.I.	18.4	36.3	45.3	22
Nova Scotia	20.3	24.2	55.5	150
New Brunswick	26.4	37.3	36.3	166
Quebec	N/A	N/A	N/A	0
Ontario	10.7	23.2	66.1	179
Manitoba	35.0	37.8	27.2	90
Saskatchewan	33.4	29.7	36.9	195
Alberta	24.6	33.9	41.5	237
British Columbia	25.2	36.2	38.6	146
N.W.T.	27.8	21.7	50.5	27
Yukon	-	-	-	3
LOCATION				
Remote				
RNH Regular	43.4	28.7	27.9	304
Demonstration	14.0	50.7	35.3	47
F/T HAP (N.W.T.)	1.8	16.1	82.1	56
Non-remote				
RNH Regular	22.8	29.9	47.3	1,141
Demonstration	15.9	20.5	63.6	58

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Less than: level 1 or 2 on 5-point scale;
Same as: level 3;
More than: level 4 or 5.

Additional evidence on the likelihood of RNH owners increasing their net worth has been obtained by examining house sale values in RNH communities as reported by representative residents. As shown in Table 10.25, resident perceptions of the potential sale price for a three-bedroom, single-detached dwelling are highest in Ontario and the Northwest Territories. Resident perceptions of potential sales prices are reported to be somewhat lower, however, in remote areas generally as shown in Table 10.26. Resident perceptions of potential sales

prices are also higher for larger rural areas, above 1,500 persons, as summarised in Table 10.27. These results parallel the perceptions of RNH clients that the potential increase in house values are higher in remote areas exclusively in the Northwest Territories and in provinces with rural communities affected by development pressures from larger centres, as well as in larger rural municipalities generally.

TABLE 10.25
COMMUNITY REPRESENTATIVES' PERCEPTIONS OF SALE PRICES BY PROVINCE/TERRITORY

	AVERAGE SALE PRICE[1]				
PROVINCE/ TERRITORY	UNDER $25,000 %	$25,000- $49,999 %	$50,000- $74,999 %	$75,000- $99,999 %	$100,000 PLUS %
Newfoundland	0.0	25.0	50.0	25.0	-
P.E.I.	12.5	78.1	6.3	0.0	3.1
Nova Scotia	0.0	33.3	27.8	38.9	0.0
New Brunswick	0.0	21.4	52.4	23.8	2.4
Quebec	0.0	55.9	35.3	8.8	0.0
Ontario	2.2	26.1	32.6	26.1	13.0
Manitoba	0.0	60.9	26.1	13.0	0.0
Saskatchewan	22.6	32.3	40.3	4.8	0.0
Alberta	2.9	20.0	45.7	31.4	0.0
British Columbia	3.6	21.4	64.3	10.7	0.0
N.W.T.	0.0	0.0	25.0	33.3	41.7
Yukon	-	-	-	-	-

SOURCE: Community Representatives Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] 3-bedroom, single-detached dwelling. Based on elected leader/ municipal administrator responses only.
"-" refers to fewer than 10 cases.

Although the majority of RNH government staff said that RNH homeowners would not make a capital gain upon resale, their replies confirm the localised nature of the pattern. Of the 50 federal/provincial/territorial RNH program staff who responded, 32 or 64 per cent stated that a typical RNH owner in their jurisdiction would obtain less money for their dwelling than what they bought it for. Twenty per cent said that RNH homeowners would receive more than the amount that they paid for their dwelling while the remainder, 16 per cent, said the sale price would be the same as the purchase amount. In Quebec, Ontario and the Northwest Territories, however, the majority of program administrators said that the average RNH homeowner would likely make more money than the amount he/she had spent to buy the house if the house could be sold.

TABLE 10.26
COMMUNITY REPRESENTATIVES' PERCEPTIONS OF SALE PRICES
BY LOCATION

	AVERAGE SALE PRICE[1]				
LOCATION	UNDER $25,000 %	$25,000-$49,999 %	$50,000-$74,999 %	$75,000-$99,999 %	$100,000 PLUS %
Remote	4.5	46.2	28.4	13.4	7.5
Non-remote	6.4	32.1	40.4	17.9	3.2

SOURCE: Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] 3-bedroom, single-detached dwelling. Based on elected leader/ municipal administrator responses only.

TABLE 10.27
COMMUNITY REPRESENTATIVES' PERCEPTIONS OF SALE PRICES
BY COMMUNITY SIZE GROUP

	AVERAGE SALE PRICE[1]				
COMMUNITY SIZE (# PERSONS)	UNDER $25,000 %	$25,000-$49,999 %	$50,000-$74,999 %	$75,000-$99,999 %	$100,000 PLUS %
0 - 500	27.4	42.0	25.8	1.6	3.2
501 - 1,000	3.5	54.0	33.3	6.9	2.3
1,001 - 1,500	1.7	32.8	46.6	17.2	1.7
1,501 - 2,500	0.0	27.9	52.4	13.1	6.6
2,501 plus	0.0	14.3	32.9	47.1	5.7

SOURCE: Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] 3-bedroom, single-detached dwelling. Based on elected leader/ municipal administrator responses.

Two of the 12 Native Delivery Groups interviewed responded to the question about RNH resale values. Both said that a typical RNH homeowner in their delivery area would not likely make any equity gain upon the sale of their unit.

With respect to the open-ended comments received, most government staff favoured having RNH homeowner clients pay back at least some of the capital gains they make on the sale of their unit. There was no difference between federal and provincial staff in this regard. The majority of those with this view suggested ways for recapturing the equity gains.

Among those proposed were: prorating the gains paid to the owner according to an established forgiveness period, or deducting only the costs for remedial repairs from the acquired gain, or allowing full retention of the gain only in the event of substantial improvements having been made by the owner-occupant.

2. Relationship Between Homeowner Perceptions About Sale Value and Occupant Repair, Maintenance and Shelter Payment Practices

Homeowners' perceptions of whether they would make any capital gains on the sale of their unit may also affect how well they meet their shelter responsibilities of maintenance, repair, and mortgage and property tax payments. Some would argue that owners who perceive making a profit from selling would maintain their dwelling better and so occupy dwellings with lower repair costs than those who think they would receive about the same or less than what they paid for their unit. Furthermore, owners who predict making a profit may be more inclined to make regular shelter payments than owners who do not share this view.

The relationship between capital gain expectations and home repair costs conforms to expectations for Regular RNH homeowners and Basic Shelter clients, but is the opposite of expectations for demonstration clients, as shown in Table 10.28. RNH Regular owners who had higher repair costs in 1988 were less likely to believe that they would receive more than what they paid for their dwelling at the time of sale, compared to those with lower repair costs. There was the same relationship between perceived equity gains and whether repairs were undertaken or not. Owners who thought they would likely make a gain upon resale also tended to do home repairs, as shown in Table 10.29.

TABLE 10.28
REPAIR COST ESTIMATES
BY PERCEPTION OF HOUSE RESALE VALUE

PROGRAM	AVERAGE REPAIR COST SALE PRICE VS PURCHASE PRICE					
	LESS THAN		EQUAL TO		MORE THAN	
	$	n	$	n	$	n
All RNH Regular/BSP[1]	3,687	405	2,594	448	2,144	592
Post-1985 RNH Regular/BSP	918	47	953	95	1,046	100
RNH Demonstration	-	14	2,007	36	2,398	55
F/T HAP	-	1	-	9	1,423	46

SOURCE: RNH Client Survey, and Physical Condition Survey Program Evaluation Division, CMHC, 1989.

NOTES: [1] No BSP housing prior to 1985.
"-" refers to fewer than 20 cases.

TABLE 10.29
RELATIONSHIP BETWEEN OWNERS WHO UNDERTOOK
REPAIRS OR IMPROVEMENTS
BY PERCEPTION OF EQUITY GAIN

TYPE OF OWNER	PERCEPTION OF EQUITY GAIN SALE PRICE VS PURCHASE PRICE			
	LESS THAN %	EQUAL TO %	MORE THAN %	SAMPLE SIZE n
RNH REGULAR/BSP				
Repairs done	26.9	25.2	47.9	677
No repairs done	24.1	33.5	42.4	767
POST-1985 RNH REGULAR/BSP				
Repairs done	17.7	35.2	47.1	121
No Repairs done	15.2	45.9	38.9	121
RNH DEMONSTRATION/F/T HAP				
Repairs done	9.1	29.1	61.8	66
No repairs done	8.6	23.3	68.1	94

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

Among RNH Regular owners, clients with a positive perception about their dwelling's sale value, however, are not more likely to be up-to-date in their shelter payments except in remote areas. It was expected that those who felt they would lose money if they sold would have less incentive to make regular mortgage payments. As shown in Table 10.30, it was found that arrears rates were much lower among residents of remote areas who felt they would receive more for their unit if they sold it now, than when they bought it. In contrast, arrears rates were higher among those non-remote residents who felt they were likely to make a capital gain on the sale of their unit. This difference in the relationship between perception of house value and arrears status implies that there are fundamental contrasts in the housing markets and outlook of residents between remote and non-remote areas.

TABLE 10.30
RNH HOMEOWNER PERCEPTIONS ABOUT CAPITAL GAINS;
EQUITY RETENTION PROVISIONS AND ARREARS STATUS

	ARREARS RATES BY PERCEPTION OF EQUITY GAIN			
EQUITY RETENTION PROVISIONS	LESS THAN %	SAME AS %	MORE THAN %	SAMPLE SIZE n
ALL RNH REGULAR/BSP				
Remote	43.4	28.7	27.9	304
Non-remote	22.8	29.9	47.3	1,141
All areas	25.3	29.7	45.0	1,445
POST-1985 RNH REGULAR/BSP				
Remote	-	-	-	13
Non-remote	16.1	40.7	43.2	229
All areas	16.4	40.9	42.7	242

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" refers to fewer than 20 cases.

3. Factors that Influence Resale Perceptions

There are a number of reasons why RNH owners may earn capital gains upon selling in addition to benefiting from the general increase in market prices previously discussed. A well-maintained unit or one where the client has made home improvements would probably rise in value faster than one where the upkeep was less well-performed or where no improvements had been made. It is reasonable to expect that RNH owners stand to gain the most from these activities where

resale conditions are also generally favourable. RNH housing which has been built above the community norm is also likely to fetch a greater resale value than other dwellings.

In this final section, a regression analysis model has been constructed to estimate the relative impact of community and dwelling characteristics on perceived house price change. A link has already been detected between RNH owners' resale perceptions and their home upkeep and shelter payment practices. Generally, those who foresee making an equity gain are more likely to maintain their dwelling well and to not be in arrears on their mortgage payments. If the factors that support and contribute to the positive perception can be enhanced through government action, then these represent ways of maintaining the public sector's investment in housing and reducing losses associated with spending on remedial repairs or arrears collection.

Five factors were found to have a significant association with the variation in capital gain perceptions, including remoteness (REMOTE), cost of repairs (COSTO), client spending on repairs (COSTTOT), view of their community's future (FUTURE), and quality of maintenance practices (SUM4), as shown in Table 10.31.

The variables which augmented owner expectations about equity gain upon sale were: client spending on repairs, owner perception about the future of the local area, and maintenance practices. The former two characteristics may be associated with better quality housing while the latter may be a reflection of communities with good employment or growth prospects.

Those owners in remote areas and those who had greater outstanding repairs tended to be less positive about their dwelling's resale potential. It is reasonable to expect that owners in less active resale markets, such as in remote locations, would be less optimistic about resale potential. Also, some reduction in sale value is logical for dwellings that require repairs.

In order to test the relative importance of each variable on owners' perceptions about resale value, each was increased by ten per cent. It was found that owners' change in perception was more sensitive for those with good maintenance practices and owners who saw a good future for their community.

Because this model explains only about five per cent of the variation in resale perceptions, it is evident that there are other factors which contribute more to an owner's view of the resale potential of their units than the ones captured in the model.

TABLE 10.31
REGRESSION MODEL PREDICTING THE LIKELIHOOD OF AN RNH OWNER PERCEIVING RECEIVING A CAPITAL GAIN

MODEL CHI-SQUARE = 36.72 WITH 5 D.F.
$R = 0.226$ $R^2 = 0.05$

VARIABLE NAME	PARAMETER ESTIMATE	T-RATIO	PROB.
INTERCEPT	-1.11421297	-1.81	0.0698
REMOTE	-0.54131397	-2.08	0.0367
COSTO	-0.00009704	-2.59	0.0094
COSTTOT	0.00006225	2.31	0.0210
FUTURE	0.65969079	3.14	0.0016
SUM4	0.18427734	1.75	0.0791

PROBABILITY OF PERCEPTION OF CAPITAL GAIN

VARIABLE NAME	PROBABILITY CAPITAL GAIN=1 %	RATE OF CHANGE %
REMOTE	50.15	-.0596
COSTO	49.85	-.1244
COSTTOT	50.84	.0828
FUTURE	51.34	.1855
SUM4	52.85	.4895

I. Consideration of Non-Housing Programs in RNH Planning and Delivery

There exists a variety of non-housing programs, both federal and provincial, which operate in the same communities as the Rural and Native Housing programs. Some of these are directed towards local, social or economic problems, such as community health, social service, or unemployment. Others provide assistance for the development or improvement of community services, recreation, water/sewage, or transportation. It has been suggested that, in many parts of the country, the relationships between the RNH and other, non-housing programs are not integrated or even taken into account in their planning and delivery. It is argued that, unless the development of rural and remote areas is considered in a comprehensive manner, the full potential of all of these programs cannot be realised. The issue examines the extent to which the activities of other assistance programs are considered in the planning and delivery of the RNH programs. The views of both Native Delivery Groups and of residents of RNH communities are taken into consideration in the analysis.

As part of the Native Delivery Group interviews, representatives were asked to indicate whether the activities of other programs, such as economic development, employment, social service and health were considered in the planning and delivery of the RNH programs. It was found that over 60 per cent of the representatives interviewed (7 of 11 groups) felt that other, non-housing programs were "always" considered in the RNH planning process in their province. Of the four who disagreed with this view, two had the opinion that non-housing programs were "never" considered. Of the last two, one indicated that they "rarely" took these programs into account while the other reported that they "sometimes" took them into consideration. Three of the four latter representatives were with Native delivery organisations in the Atlantic region.

It would appear from the interviews that other social programs were considered in the planning and delivery of RNH. In some eastern provinces, this did not happen.

A comparison was made with community representatives' views about local social and economic development problems by province to examine if the level of need was higher in the same areas. The particular issue respondents were asked to reflect upon, was the extent to which unemployment was a major problem and whether it was a permanent or seasonal problem. It was found that, as shown in Table 10.32, unemployment was a major problem for provinces in the Atlantic region, British Columbia and Northwest Territories to a greater extent than in any other areas of the country. Over 40 per cent of RNH community representatives in these areas said that their communities experienced high unemployment, compared to the national proportion of 38 per cent, according to this survey.

TABLE 10.32
PERCEPTIONS OF UNEMPLOYMENT
BY RNH COMMUNITY REPRESENTATIVES

PROVINCE/TERRITORY	MAJOR PROBLEM % (n=368)	SEASONAL PROBLEM % (n=364)
Newfoundland	57.1	55.9
Prince Edward Island	36.4	72.7
Nova Scotia	42.1	52.6
New Brunswick	45.2	38.1
Quebec	36.1	42.9
Ontario	24.4	54.6
Manitoba	23.1	50.0
Saskatchewan	31.3	39.7
Alberta	28.6	31.4
British Columbia	48.2	33.3
Northwest Territories	64.0	32.0
Yukon	-[1]	-
CANADA	38.0	44.2

SOURCE: RNH Community Representatives Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] Under 10 cases.

Seasonality of unemployment was viewed as a problem to a greater extent in the Atlantic region, Ontario and Manitoba. Compared to a level of 44.2 per cent for the country as a whole, over 50 per cent of area representatives in these provinces cited unemployment as a seasonal concern.

Furthermore, the development impediments of a lack of serviced building lots and sewage treatment facilities exist to a greater extent in those provinces where Delivery Groups note that there are weaker ties with non-housing programs. As reported in Chapter IV, over 60 per cent of elected leaders or municipal administrative officials who responded from the provinces of Newfoundland, Prince Edward Island and Nova Scotia, Quebec and in the Northwest Territories stated that an inadequate supply of serviced land was a significant constraint on local housing development. In comparison, the rate was 45.5 per cent nationally.

Together, these results suggest that the economic conditions among RNH communities are especially weak within the Atlantic region. Given that the Delivery Groups in the same area report that RNH planning is not undertaken in a coordinated way with non-housing programs such as those for income support, or the provision of a local services infrastructure, the development of rural and remote communities in these provinces may be not as coordinated as it could be.

J. The Emergency Repair Program

1. ERP Client Repair/Maintenance Habits

In order to better understand the living conditions of ERP grant recipients, a comparison of repair need and repair behaviour was made by building age, length of occupancy and location of dwelling. The survey findings presented in Tables 10.33, 10.34 and 10.35 confirm that households who received ERP grants lived in housing still in need of major repairs. Repair need increases with building age. ERP units in non-remote locations are more likely to require major repairs than those in remote locations. Those ERP clients who have occupied their units the shortest period of time, are most likely to have made repairs in 1988, as are ERP clients in non-remote areas. Those who received funds to do work and who live in housing they consider in need of major repairs, were no more likely to have done repairs than other ERP recipients.

TABLE 10.33
REPAIR NEED[1] OF ERP HOUSING BY AGE AND LOCATION

	MAINTENANCE ONLY %	MINOR REPAIRS %	MAJOR REPAIRS %	SAMPLE SIZE n
AGE (YEARS)				
1 - 9	42.6	21.3	36.1	21
10 - 29	15.2	29.4	55.4	76
30 - 49	20.7	10.2	69.1	30
50+ years	-	-	-	18
LOCATION				
Remote	68.9	22.2	8.9	43
Non-remote	55.2	22.5	22.3	141

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Occupant perception of repair need.
"-" indicates fewer than 20 cases.

TABLE 10.34
ERP RECIPIENT REPAIR BEHAVIOUR BY LENGTH OF OCCUPANCY AND LOCATION

	REPAIR BEHAVIOUR IN 1988		
	MADE REPAIRS %	NO REPAIRS MADE %	SAMPLE SIZE n
LENGTH OF OCCUPANCY (YEARS)			
1 - 4.9	66.5	33.5	33
5 - 9.9	59.9	40.1	48
10 - 29.9	46.3	53.7	85
30+	-	-	18
LOCATION			
Remote	46.6	53.4	41
Non-remote	56.8	43.2	137

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates fewer than 20 cases.

TABLE 10.35
ERP RECIPIENT REPAIR BEHAVIOUR BY PERCEIVED NEED FOR REPAIRS

	REPAIR BEHAVIOUR IN 1988		
REPAIR NEED[1]	MADE REPAIRS %	NO REPAIRS MADE %	SAMPLE SIZE n
Regular maintenance	61.5	38.5	36
Minor repairs	52.3	47.7	47
Major repairs	54.5	45.5	111

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: [1] This is the client's estimate of repair need.

2. Sufficiency of ERP Grant

Table 10.36 reviews current post-ERP repair requirements of dwellings, according to the perceptions of the occupants, by grant zone.[1] The existence of outstanding repair needs indicates that the level of assistance under the ERP is insufficient to address the adequacy problems of the clients.

TABLE 10.36
ASSOCIATION BETWEEN LEVEL OF ERP GRANT AND NEED FOR REPAIR ASSESSMENT BY ERP CLIENTS[1]

	NEED FOR REPAIR ASSESSMENT			
LEVEL OF GRANT	REGULAR MAINTENANCE %	MINOR REPAIRS %	MAJOR REPAIRS %	SAMPLE SIZE n
ALL ERP RECIPIENTS				
Up to $1,500	19.4	24.9	55.7	149
$1,501 to $2,500	17.8	28.5	53.7	33
$2,501 to $3,800	-	-	-	19

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: [1] ERP recipients in 1986 and 1987.
"-" indicates fewer than 20 cases.

As a comparison to ERP client perceptions of the need for repairs, RNH staff in provincial/territorial and CMHC branch offices and RNH Delivery Groups were asked to comment on the adequacy of the grant amounts for the ERP program. Two points of view were expressed by government RNH program officers, one by those with partial responsibility for delivering ERP and another by those with full responsibility for this activity. Overall, the majority of those with partial responsibility for delivering ERP felt that the grant levels were somewhat to very adequate for RNH Zone 1 (Southern rural areas) but as less than adequate in Zones 2 and 3 (northern and far northern areas). This suggests that the level of the grant is less suitable in northern and more predominately remote areas. The view held by those with full ERP responsibility was that ERP grant levels were adequate in all three zones. The difference in views may be associated with the fact that provinces which share delivery, for example with a Native group, tend to have

---

[1] Because the zone was not identified on the ERP forms selected, it has been assumed that the three grant amount ranges correspond to the three zones.

a larger proportion of their territory in remote areas, compared to those with full delivery duties. Native Delivery Groups also did not feel that ERP grant levels were adequate. Less than 25 per cent of the groups perceived the ERP grants as suitable for meeting the objective of the program, regardless of the zone. Two representatives interviewed felt that the ERP grant level was so low as to be of no use at all, another adding that an increase was very much overdue.

3. "In Situ" Assistance

The objective of rendering homes in need of major repairs fit for human habitation enables owners to remain in their dwelling rather than requiring them to move to another unit, possibly another community as under the RNH Regular homeownership option. The extent to which this aim has merit was examined by comparing ERP client perceptions about their dwelling and neighbourhood to those of Regular RNH clients. It was hypothesised that if ERP owners are more inclined to positively relate to their immediate surroundings, the ERP objective of in-situ assistance would be serving a separate need to remain within the same community within the rural/remote low-income population in core need.

The ERP client/RNH Regular homeowner comparison involved two steps. First, the dwelling and occupancy characteristics of the two groups were compared to test for the degree of similarity regarding age of unit, repair need, length of occupancy and, for RNH owners only, whether they had to move to obtain their unit. The findings are reported in Table 10.37. The dwellings of ERP grant recipients are much older and a significantly greater percentage are in need of major repairs, compared to those of RNH Regular owners. Furthermore, one-half of ERP clients have lived in their units for more than a decade compared to 30 per cent of RNH owners. However, although the term of RNH clients' occupancy is significantly shorter, only 20.6 per cent had to change communities when they were assisted under the Regular program.

It is obvious that the living conditions of ERP clients are less adequate than those of RNH Regular owners. If they also perceive their surroundings less positively than RNH clients then helping them stay in their dwelling has less merit than originally believed.

TABLE 10.37
COMPARISON OF DWELLING CHARACTERISTICS AND OCCUPANCY PATTERNS OF ERP RECIPIENTS TO RNH REGULAR OWNERS

DWELLING CHARACTERISTICS	ERP CLIENTS %	RNH REGULAR OWNERS[1] %
AGE		
Pre-1973	63.8	7.2
1974-1980	24.0	50.4
1981-1985	8.1	31.5
1986-1988	4.1	10.9
REPAIR NEED[2]		
Regular maintenance	18.4	35.5
Minor repairs	24.8	32.5
Major repairs	56.8	32.0
OCCUPANCY		
LENGTH		
Under 3 years	9.2	11.6
3-5 years	9.1	18.2
5-10 years	27.1	39.8
More than 10 years	54.6	30.4
MOVED FROM ANOTHER COMMUNITY	N/A	20.6

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes Basic Shelter.
[2] This is the client's estimate of repair need.

The perceptions of ERP clients and RNH clients about economic conditions and the degree to which they felt a part of their community were compared. Both ERP recipients and RNH Regular owners agreed to the same extent about their ease of making a living and that their municipality had a good future. As reported in Table 10.38, it was found that more than two-thirds of each group agreed that it was difficult to earn a living, although one-half maintained that their community had a good future. Therefore, ERP clientele are being drawn from the same types of areas as those served by the RNH Regular program.

TABLE 10.38
COMPARISON OF COMMUNITY PERCEPTIONS
OF ERP CLIENTS AND RNH REGULAR OWNERS

PERCEPTIONS	ERP CLIENTS %	RNH REGULAR OWNERS %
"It's hard to make a living around here."	67.8	67.4
"This community has a good future."	50.0	49.3
"I know a lot of people who live in this community."	92.8	89.5

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

Lastly regarding the extent to which ERP versus RNH Regular clients feel a part of their community, approximately 90 per cent of each group agreed with the statement that they "...knew a lot of people who live in this community". It appears that the ERP and RNH programs are equivalent in terms of serving longer-term residents in their own communities.

K. The Distribution of the Subsidy Budget of Alternative Program Designs

The degree to which the programs have served rural core need households has been discussed in other chapters, as has the issue of whether those most in need have been served in proportion to their representation in the target population. A subsidiary question with respect to this objective is how much of the subsidy budget is directed to those most in need under alternative program designs. Programs which provide relatively more of their subsidy budget to those most in need are more effective than the alternatives, by this definition. This shall be called the subsidy distribution question.

There are three alternatives to be considered in assessing the subsidy distribution question. Under the Rental program, the client pays 25 per cent of adjusted gross household income for fully-serviced accommodation. Under the Regular Homeowner program, the client pays 25 per cent of adjusted gross household income less a heating allowance, for mortgage payments and property taxes, but is responsible for home operating and maintenance costs. Under the Demonstration program, the client receives a subsidy for the costs of materials and some labour, but must supply the balance of the labour needed to complete the project as well as bear the

costs of home operation and maintenance. The pattern of the distribution of the subsidy budget of these alternatives is a function of how many units are delivered to those most in need as well as the amount of subsidy provided to each, relative to the number and amount of subsidy delivered to those on the margin of need.

"Income group" refers to the percentage of the Core Need Income Threshold (CNIT) of the client household. Because the CNIT is the measure of income at which the cost of suitable and adequate housing for the household size and location equals 30 per cent of income, those with incomes above the threshold are defined to not be in need while those below are said to be in need. A program which serves a relatively higher percentage of households with incomes less than half of CNIT would be better targeted than one which served a relatively high proportion of those with incomes equal to the CNIT. Three "income as a per cent of CNIT" groups are employed: 0 to 50, 51 to 100 and 101 plus per cent.

Estimates of the percentage of the subsidy budget by income group are further disagreggated by household size, for all areas and by rural/remote/Northwest Territories only location. Highlighting the Northwest Territories as a special remote area has been undertaken in recognition of the significantly different housing program delivery conditions in the Territories - unique climate, isolation of the communities, and significantly higher transportation and construction costs.

1. Approach

There are three components to the calculation of the distribution of the subsidy budget for the RNH Regular programs per income/household size category: the average per unit subsidy, the aggregate subsidy per category, and the per cent share that this subsidy represents of the total budget for the household size group.

First, the average subsidy for the Regular programs is calculated. For homeowners, it is the stream of amortisation costs plus property taxes (assumed to be growing at a rate of 5 per cent yearly), less mortgage payments (based on 25 per cent of income, which is assumed to be growing at a rate of 5 per cent per year) discounted at 12 per cent annually over the 25-year mortgage life of the unit. For renters, the subsidy is the 12 per cent annually discounted sum of the amortisation amounts and operating costs (growing at a rate of 5 per cent a year) less rental payments (also increasing at a rate of 5 per cent a year) over 25 years. The 12 per cent discount rate in combination with the assumption of 5 per cent annual inflation is equivalent to a 7 per cent real discount rate.

Second, these average subsidy amounts are multiplied by the number of households in each location/income/household size group to produce aggregate totals. Finally, the totals for each tenure type and location are summed across income groups within household size categories. The share of each income group's subsidy is calculated as a percentage of the total for that location and household size representing the targeting ability of the program. For the Demonstration and HAP programs, in the absence of amortisation payments, the capital cost of the units is simply multiplied by the frequency of households per income category to produce the targeting estimate.

2. Data Sources

The analysis is based on two data sources: RNH program administrative files and personal interviews with RNH occupants. The post-1985 RNH program client commitment file is referenced for information on occupant shelter payments, operating costs and amortisation amounts, while the 1989 RNH Client Survey provides the corresponding number of clients by income group as a percentage of CNIT, and by location and household size. There are four caveats to this matched data approach. First, since amortisation information on RNH ownership and rental properties is only available from the commitment file, it is consistent to use the payment and cost information from that file as well. The commitment data were found to be significantly correlated with the 1989 survey information.

Second, because income information at the time of commitment is only available for owners, it has been necessary to use the slightly more recent 1989 survey data, which provides both owner and renter incomes, for the calculations. A check of the association between owners' incomes as recorded on the program file and those from the survey shows that they are statistically significantly correlated.

Third, although there was a perfect one-to-one match between the two files, there was, in some cases, missing client information on one or both files. Subsidy totals were calculated on the basis of the number of client survey cases. This procedure assumes that the subsidy information for the matched sample is applicable for the survey sample as a whole.

Finally, this analysis of the distribution of the subsidy budget examines costs in terms of RNH budget share. That is, it standardises for any large differences in program budgets.

3. Findings

The results from completing the first step in calculating the distribution of the subsidy budget by income group is shown in Table 10.39. Comparing net rental operating costs, it is

evident that it is about six times more expensive to provide housing in remote versus non-remote areas. The difference in costs is due to three factors. Higher costs of construction are reflected in the higher amortisation amounts. More expensive living costs can be seen in the greater operating expenditures, and revenues in remote locations are lower. For RNH homeowners, net operating costs are higher in remote than non-remote areas as are amortisation costs and revenues. The results of the present value calculations are shown in Table 10.40.

TABLE 10.39
RNH REVENUE AND OPERATING COSTS
BY LOCATION, INCOME AND HOUSEHOLD SIZE
POST-1985 PORTFOLIO

AREA/ INCOME AS % OF CNIT	HHLD. SIZE	REVENUE (PAYMENT) $	AMORTI-SATION $	OPERATING COSTS $	REV.-OPER. COSTS $
RENTAL					
REMOTE					
0-50	1-3	1,099	12,679	7,327	-6,228
	4+	1,114	12,299	7,819	-6,705
51-100	1-3	1,397	15,726	7,887	-6,490
	4+	1,519	12,671	7,604	-6,085
101+	1-3	1,562	12,555	7,537	-5,975
	4+	852	8,278	5,532	-4,680
NON-REMOTE					
0-50	1-3	2,293	7,935	2,140	153
	4+	3,015	7,326	2,612	403
51-100	1-3	2,746	7,673	2,096	650
	4+	3,071	7,924	3,097	-26
101+	1-3	*	6,252	360	*
	4+	3,396	7,762	1,206	2,190
OWNER					
REMOTE					
0-50	1-3	*	*	*	*
	4+	2,458	11,797	575	1,883
51-100	1-3	3,502	7,781	446	3,056
	4+	4,728	10,666	281	4,447
101+	1-3	3,438	7,427	868	2,570
	4+	4,103	9,470	459	3,644
NON-REMOTE					
0-50	1-3	1,958	7,778	610	1,348
	4+	2,071	6,721	329	1,742
51-100	1-3	2,864	7,409	764	2,100
	4+	2,900	7,394	492	2,408
101+	1-3	4,054	7,846	636	3,418
	4+	3,194	7,815	568	2,626

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "*" refers to no data available.

TABLE 10.40
SUBSIDY AMOUNTS BY INCOME CATEGORY, LOCATION AND HOUSEHOLD SIZE
POST-1985 PORTFOLIO

TENURE INCOME AS % OF CNIT/ HOUSEHOLD SIZE	REMOTE AVERAGE SUBSIDY $000	REMOTE n	REMOTE TOTAL SUBSIDY $M	NON-REMOTE AVERAGE SUBSIDY $000	NON-REMOTE n	NON-REMOTE TOTAL SUBSIDY $M
RENTAL						
1 - 3 person households						
0-50	172	15	2.58	60	17	1.02
51-100	199	7	1.39	53	14	.74
101+	168	2	.34	*	0	*
4+ person households						
0-50	172	11	1.89	53	15	.79
51-100	170	12	2.04	62	18	1.12
101+	119	1	.11	35	3	.11
RENTAL (N.W.T. only)						
1 - 3 person households						
0-50	178	14	2.49	N/A		
51-100	198	7	1.38	N/A		
101+	168	2	.34	N/A		
4+ person households						
0-50	199	9	1.79	N/A		
51-100	177	11	1.94	N/A		
101+	122	1	.12	N/A		
OWNER (RNH Regular)						
1 - 3 person households						
0-50	0	0	0.00	45	19	.86
51-100	25	4	.10	34	33	1.12
101+	28	2	.05	22	15	.33
4+ person households						
0-50	70	4	.28	32	22	.70
51-100	32	4	.13	30	78	2.34
101+	32	4	.13	31	13	.40
OWNER (Demonstration)						
1 - 3 person households						
0-50	40	7	0.28	40	7	0.28
51-100	40	8	0.32	40	10	0.40
101+	0	0	0.00	40	2	0.08
4+ person households						
0-50	40	10	0.40	40	12	0.48
51-100	40	13	0.52	40	25	1.00
101+	40	6	0.24	40	6	0.24
OWNER (N.W.T. only - HAP)						
1 - 3 person households						
0-50	75	2	0.15	N/A		
51-100	75	3	0.23	N/A		
101+	75	1	0.08	N/A		
4+ person households						
0-50	75	7	0.52	N/A		
51-100	75	21	1.57	N/A		
101+	75	17	1.27	N/A		

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "*" refers to no data available.

The distribution of the subsidy budget of the programs is shown for the same location, income group and household size classifications as for the average subsidy calculations. Tables 10.41 to 10.44 present the relative distributions of the subsidy as the measure of this characteristic. As shown in Table 10.41, the Rental program has the best record for being targeted to the lowest-income groups for both smaller and larger households. The fact that clients are required to have the financial resources to maintain and operate their dwelling has reduced the ability of the ownership programs to serve low-income households in core need. The HAP program is not as well-targeted as the Demonstration program, especially for larger households.

The differences in subsidy distribution are especially pronounced when comparing the Regular owner and renter and Demonstration programs in remote versus non-remote areas (Table 10.42). The rental option is best in serving the lowest-income households in both locations for small households. The ownership programs are relatively better in this respect only for large households in remote communities. The rental regains its targeting superiority for large households in non-remote locations. A comparison with HAP targeting efficiency results from Table 10.41, identifies it as the one program which least well serves low-income remote residents. As described earlier, capital costs and, in the case of rental housing, operating expenses, have been shown to be higher in remote areas, pushing up subsidy costs. These cost trends, combined with the tendency of the Rental program to serve smaller households augments its ability to target assistance to very low-income households.

In determining a program applicant's eligibility for assistance and the appropriate tenure option for them, a client's ability to assume the financial responsibilities of homeownership is assessed. As a result, the selection of clients for the homeowner option from among those who qualify may be biased toward higher-income clients. In contrast, the very low-income client may be channelled toward the rental option. Therefore, the foregoing subsidy distribution rankings may partly reflect delivery procedures in addition to the inherent ability of the programs to serve low-income households. Thus any comparisons of targeting effectiveness among the programs would be invalid. However, a comparison between the Regular Homeowner and Rental programs combined and the Demonstration program, as is done in Tables 10.43 and 10.44, would remain valid.

When comparing the Regular RNH programs to the Demonstration program, as shown in Table 10.43, it is found that a significantly greater percentage of the Regular program subsidy budget goes to the lowest income group. And as illustrated in Table 10.44, the Regular program subsidy budgets are better targeted to the lowest-income group for all but large households in non-remote areas.

In conclusion, these results suggest that the RNH rental subsidy budget is the best targeted to the lowest-income households, followed by the Demonstration and then the Regular Homeowner programs.

TABLE 10.41
COMPARISON OF SUBSIDY BUDGET DISTRIBUTION
BY RNH PROGRAM AND HOUSEHOLD SIZE: ALL AREAS
POST-1985 PORTFOLIO

INCOME AS % OF CNIT	OWNER %	RENTAL %	DEMONS-TRATION %	F/T HAP %
1 to 3 person households				
0-50	34.9	59.3	41.2	33.3
51-100	49.6	35.1	52.9	50.0
101+	15.5	5.6	5.9	16.7
4+ person households				
0-50	24.6	44.2	30.6	15.6
51-100	62.0	52.1	52.7	46.6
101+	13.4	3.7	16.7	37.8

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 10.42
COMPARISON OF SUBSIDY BUDGET DISTRIBUTION
BY RNH PROGRAM, LOCATION AND HOUSEHOLD SIZE
POST-1985 PORTFOLIO

	REMOTE			NON-REMOTE		
INCOME AS % OF CNIT	OWNER %	RENTAL %	DEMO %	OWNER %	RENTAL %	DEMO %
1 to 3 person households						
0-50	0.0	59.9	46.7	37.2	58.0	36.8
51-100	66.6	32.2	53.3	48.4	42.0	52.7
101+	33.4	7.9	0.0	14.4	*	10.5
4+ person households						
0-50	51.8	46.7	34.4	20.3	39.1	27.9
51-100	24.1	50.4	44.9	68.0	55.4	58.1
101+	24.1	2.9	20.7	11.7	5.5	14.0

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: "*" refers to no data available.

TABLE 10.43
COMPARISON OF SUBSIDY BUDGET DISTRIBUTION
BY PROGRAM AND HOUSEHOLD SIZE
RNH REGULAR VS DEMONSTRATION: ALL AREAS
POST-1985 PORTFOLIO

INCOME AS % OF CNIT	RNH REGULAR %	DEMONSTRATION %
1 to 3 person households		
0-50	52.3	41.2
51-100	39.3	52.9
101+	8.4	5.9
4+ person households		
0-50	36.5	30.6
51-100	56.1	52.7
101+	7.4	16.7

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 10.44
COMPARISON OF SUBSIDY BUDGET DISTRIBUTION
BY PROGRAM, LOCATION AND HOUSEHOLD SIZE
RNH REGULAR VS DEMONSTRATION
POST-1985 PORTFOLIO

	REMOTE		NON-REMOTE	
INCOME AS % OF CNIT	RNH REGULAR %	DEMON-STRATION %	RNH REGULAR %	DEMON-STRATION %
1 to 3 person households				
0-50	57.8	46.7	46.1	36.8
51-100	33.4	53.3	45.7	52.7
101+	8.8	0.0	8.2	10.5
4+ person households				
0-50	47.3	34.4	27.3	27.9
51-100	47.3	44.9	63.4	58.1
101+	5.4	20.7	9.3	14.0

SOURCE: RNH Commitment file, RNH Client Survey, RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

L. Summary

1. Client Involvement in Design and Construction

Clients participated in the construction of their homes to a significantly greater extent under the RNH Demonstration program and HAP compared to the RNH Regular or F/P BSP programs. RNH demonstration households undertook a greater percentage of the less skilled, general carpentry work but were more likely to have increased their construction abilities as a result of their participation. RNH demonstration clients utilised more volunteer labour while HAP clients were more likely to hire additional labour. In comparison to the Regular programs which provide fewer opportunities to participate in construction, RNH demonstration and HAP clients appear better prepared to undertake subsequent maintenance and repairs as a consequence of their involvement in building their dwelling.

2. RNH Demonstration/HAP Objectives

Three additional issues related to the achievement of the objectives of the Demonstration and HAP programs were evaluated: the development and use of building kits, the availability of building supplies and the level of community acceptance toward these assistance approaches. It was found that although there was little use of a precut, prepackaged kit as originally envisaged for the Demonstration program, for the small percentage of units built this way there was no significant quality difference compared to stick-built RNH housing. Regarding the impact of variations in the availability of construction supplies, a lack of materials to build demonstration or HAP units was a problem for only about 16 per cent of clients. Where this problem did occur, dwellings were found to be in need of major repairs to a greater extent than housing built in areas without a supply problem. Finally, approximately 55 per cent of community representatives were aware of government funding for housing in areas with RNH units, including demonstration dwellings. The figure was 63 per cent for areas with HAP housing. Similarly, the percentages of representatives in favour of government involvement in housing is lower in communities with demonstration than HAP units, 68 per cent versus 84 per cent, respectively.

3. Management of HAP and Demonstration Programs

The administration of the HAP program entails providing construction advice via a supervisor and an annual site inspection. More than three-quarters of the program's clients assessed themselves as having improved their construction skills and over 54 per cent attributed the construction supervisor as having been key in this regard. About one-third of HAP owners had been visited or contacted by government

staff to check the condition of their unit in 1988. Close to 60 per cent of HAP respondents expressed the desire for more information on budgeting and about making house repairs.

The incidence of RNH demonstration clients who report having received financial, maintenance or repair counselling is low, but the program is viewed as having been successful in imparting construction knowledge and skills to participants through the on-site help of the construction manager. The percentage of owners indicating a need for further counselling, at least in the area of home repairs, is not high in contrast to HAP owners, a majority of whom wanted more repair counselling.

4. Appropriateness of the Rent-to-Income Scale

On the basis of dissaggregating RNH clients by income-to-CNIT quartiles, it was found that average disposable incomes for the lowest-ranked households were less than zero after accounting for all reported shelter and non-shelter expenses. Regular RNH owners were the worst-off based on this criterion. Demonstration owners are the best-off, followed by RNH renters, mainly because the former groups do not make mortgage payments while the latter's shelter payments include utility charges.

5. Treatment of Different Income Sources

A comparison was made of the ratio of total shelter costs to gross household income for various income sources (employment, welfare, pensions) comparing between tenures and by income levels to evaluate whether the payment-to-income scale treats households with different income sources in a like manner. Wage earners were found to be better-off than welfare recipients for all categories but the lowest-income tenants.

6. Impact of the Heat Allowance Subsidy on Low-Income Households

In order to estimate whether the introduction in 1986 of a heating expenses subsidy allowed more lower-income households to participate in the RNH programs, the percentage of households in the lowest real income quartiles was examined before and after the subsidy was made available. It was apparent that no change occurred in the participation of lower-income households before versus after 1986. A possible reason may be that the RNH Rental program is accounting for lower-income clients being served.

7. Housing Services and Community Norms

Compared to other units in the community, CMHC inspectors rated over 75 per cent of RNH housing units as equivalent in physical condition. Newer RNH units and demonstration dwellings especially in remote areas were much more likely to be above the community norm by comparison.

8. Retention of Capital Gains

Although RNH homeowners' mortgage payments are subsidised, they are able to keep any equity gain upon selling their dwelling. Whether this practice should continue, for example as an incentive to own, is evaluated from three perspectives: the extent to which capital gains are realised, under what circumstances they occur and the related effect on owner maintenance, repair and mortgage payment behaviour. It was found that, although 45 per cent of RNH owners feel they could sell at a capital gain, the percentage was much higher in areas where rural communities were within commuting distance to urban centres (Nova Scotia, Ontario) and in the Northwest Territories. Client perceptions were supported by community representatives and government staff estimates of average sale prices. It was also the case that RNH owners' repair costs were generally higher if they perceived the resale value of their unit as being lower than the original purchase price, indicating that the absence of a capital gain may indeed deter owners from meeting their home upkeep responsibilities. Owners who expected to make a capital gain upon sale were more likely to live in housing in good condition who felt their area had a good future.

9. Consideration of Non-housing Programs in RNH Planning and Delivery

Non-housing programs, such as community social or economic development initiatives, are taken into account less in the Atlantic region compared to the rest of the country. Indications in support of this finding include the experiences of Native Delivery Groups and RNH community representatives' responses. In these provinces, the unemployment rate is higher and more chronic, and the development impediments include lack of serviced building lots.

10. The Emergency Repair Program

Additional issues examined for the ERP program include owner maintenance and repair activity, the sufficiency of the ERP grant and the appropriateness of an "in situ" type of assistance. It was found that ERP households in non-remote areas were more likely to live in housing needing major repairs but that they were also more likely to undertake repair and maintenance activity as were more recent ERP grant recipients. Regardless of the composition of the ERP

household, the level of the grant itself has been shown to be still inadequate to allow a range of repairs to be made to significantly alter the condition of the unit. Delivery Group members supported the observation about the insufficiency of the ERP grant. As well RNH government staff were inclined to perceive it as inadequate. Regarding the appropriateness of the ERP approach as a way of allowing core need households to remain in their units, it was found that this program serves a slightly more stable rural population than the Regular RNH ownership option. ERP clients, however, are similar to RNH homeowners in that they live in similar communities and have similarly strong social ties locally.

11. The Distribution of the Subsidy Budget

With respect to the subsidy budget distributions of the programs, the Regular Rental program was the best at directing its budget to those most in need. The main caveat attached to this finding is that program guidelines provide for the streaming of low-income households to the Rental program. When the Regular RNH programs as a whole are compared to the Demonstration program, they were found to be more effective at targeting their budgets to those most in need.

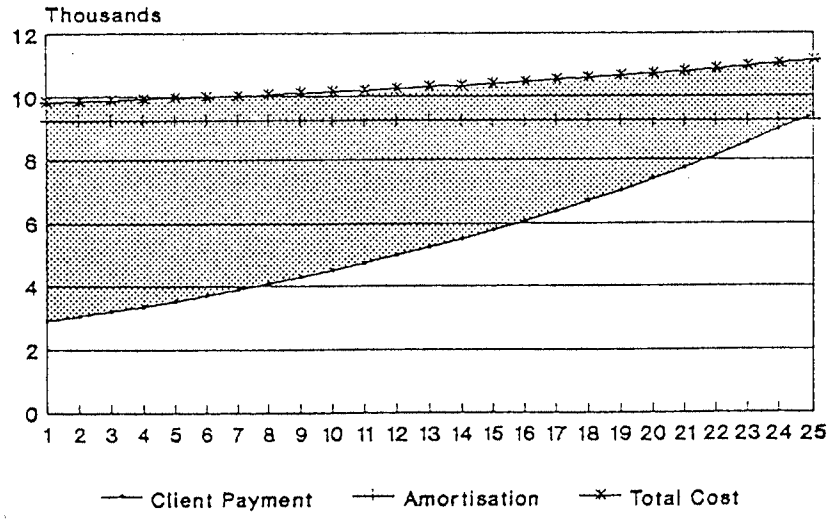
XI COST TO GOVERNMENT OF THE RNH PROGRAMS

A. Introduction

This chapter will document the cost to the federal government of the various RNH programs - Homeowner, Rental, Lease-Purchase - as well as the Demonstration and HAP programs and the Emergency Repair Program. Program costs are composed of the subsidy provided to individual clients as well as delivery and administration.

For the Regular Homeowner program, an NHA loan is made to the client to cover the development/acquisition costs of his unit. The financing is provided by CMHC and its provincial partners, which in turn borrow the money from government. The client is responsible for loan repayments and property taxes, as in a normal mortgage arrangement. A subsidy is provided to the client to reduce the total of his property tax and loan repayments to 25 per cent of adjusted gross income. Then a heating allowance is subtracted from the payment. As both the subsidy and loan are provided through CMHC, the loan repayment is simply reduced to the resulting amount with the subsidy provided through a "paper transaction" at CMHC. CMHC in turn repays the government loans. To the extent client mortgage payments are insufficient, the losses are covered by a transfer from budgetary funds. The following diagram illustrates this loan subsidy arrangement assuming that income and property taxes are increasing with inflation.

ILLUSTRATION 11.1
REGULAR HOMEOWNER SUBSIDY OVER TIME



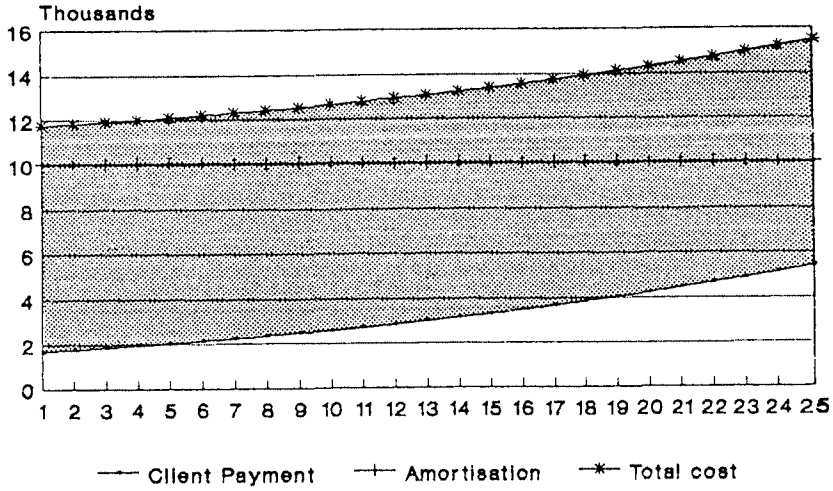
This illustration is based on initial property tax, capital costs, and revenues for homeowner units from program commitment data (Table 11.21) and on the assumption that property taxes and revenues increase at a rate of 5 per cent per year.

If client incomes were to rise fast enough, eventually the subsidy would diminish to zero, and the client would pay the full loan amortisation costs and property taxes. Otherwise, the subsidy is paid until the end of the amortisation period.

The subsidy for the Rental program is similar in concept, but different in several operational respects. Most of the RNH rental projects are owned either by CMHC and/or the respective provincial partner. Local non-profit groups own those rental units delivered to Natives in Quebec. Most of the RNH rental units are jointly financed by CMHC and the provinces (the exceptions are projects wholly-owned by CMHC, projects in Alberta where the province finances all the capital, and projects in Quebec where the province or local non-profit groups borrow from the private sector). The funds used by CMHC and its provincial partners to finance the projects are borrowed from their respective governments. CMHC and its provincial partners must pay all the operating costs of the units as well as the loan repayment costs. As CMHC charges rent on a rent-to-income scale, rents are usually insufficient to cover total project costs, and a subsidy is provided by government to cover the difference.

The following diagram illustrates the nature of the rental subsidy arrangement assuming operating costs and revenues increase at the same annual rate.

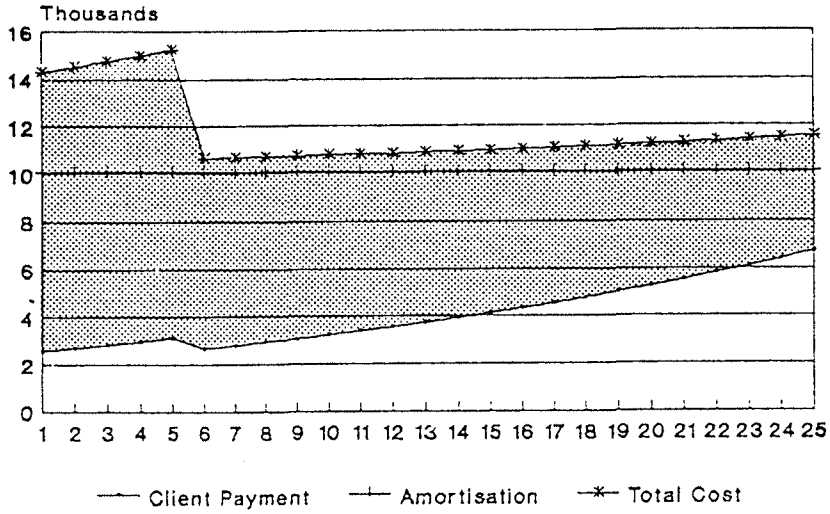
ILLUSTRATION 11.2
REGULAR RENTAL SUBSIDY OVER TIME



This illustration is based on initial operating costs, capital costs, and revenues for rental units from program commitment data (Table 11.21) and on the assumption that operating costs and revenues increase at a rate of 5 per cent per year.

The Lease-Purchase program is a combination of the Regular Homeowner and Rental programs. Initially the unit is operated as a rental project. When and if it is determined that the client is able to assume ownership responsibilities (up to 9 years after initial occupancy) the unit is converted to ownership. The purchase price is the higher of the book value (original capital cost less principal repayments) or the market value of the unit. When the sale takes place, the client continues to pay 25 per cent of adjusted gross household income for the mortgage and property taxes (less an allowance for heating costs) but assumes responsibility for operating costs such as unit maintenance, heat, electricity, water and sewage disposal. As with the Regular Homeowner program, CMHC's subsidy commitment terminates with the final payment on the mortgage. The following diagram illustrates the lease-purchase subsidy arrangement.

ILLUSTRATION 11.3
REGULAR LEASE-PURCHASE SUBSIDY OVER TIME



This illustration is based on initial operating costs, capital costs, and revenues for rental units from program commitment data (Table 11.21) and the assumption that operating costs and revenues increase at a rate of 5 per cent a year. It is then assumed that the client opts for homeownership in year 6, at which time he bears responsibility for paying all operating costs except property taxes and his payments are reduced by an allowance for heating costs.

There are initial delivery cost and ongoing mortgage administration and portfolio management costs. Also with the RNH ownership portfolio, units are sometimes abandoned or mortgages foreclosed because of payment defaults. These have to be reacquired, repaired and resold or rented. Other Homeowner program costs are also incurred for the remedial and post-occupancy repairs.

The subsidy provided under the Demonstration program takes the form of a forgivable loan covering the costs of materials, land, and some labour. The average maximum loan ranged between $40,000 in 1986 and $44,000 in 1989. The loan is forgiven over twenty-five years. Should the client sell his unit, CMHC recovers the balance on the loan. CMHC does have the right of first refusal which can be exercised if the client appears to be selling below market value. This would entail administrative time and effort. Otherwise CMHC is not involved so that ongoing administration costs are limited. Because the loan is expected to be fully forgiven, government treats it as an immediate expenditure, unlike the Regular RNH programs.

The maximum loan forgiveness under the Housing Assistance Program in the Northwest Territories is higher than the maximum under the Demonstration program averaging $74,000 in the 1986 to 1989 period. The loan forgiveness period under HAP is only 5 years. Unlike the Demonstration program, the forgiveness appears as a budgetary expenditure in the year it is earned rather than up front.

The Emergency Repair Program provides up-front grants to cover the cost of reversing health and safety hazards. Maximum grant levels range between $1,500 in southern rural areas and $3,800 in far northern rural areas. There are no ongoing administration costs with this program.

The total program costs in any one year is the sum of the individual subsidies for units in the portfolio plus delivery, promotion, publicity, training, repair and administration costs. Thus the subsidy costs build up over time as more and more units are added to the portfolio.

B. Budgetary Costs Over Time - Federal Only

This section reviews, on a historical basis, the costs of the RNH programs.[1]

---

[1] Tables 11.1 through 11.8 report expenditures under the Regular RNH programs, but not under the ERP or the RRAP programs.

Tables 11.1 through 11.8 show program costs, but not CMHC's delivery and administration costs or agency fees, for the 1986-1989 period.[1,2] Expenditures under the Section 95 program in Quebec are also excluded. The data for these tables come from the Asset and Program Accounting Division of CMHC, which is responsible for monitoring and administering claims to the Federal Government for costs incurred under the program. The data include project subsidy costs and costs related to the administration of the portfolio, such as repossession of vacated units, repair and resale of vacated units, post-occupancy repairs and remedial repairs.

Table 11.1 illustrates that program costs increased dramatically between 1987 and 1988. This increase was in large part due to increases in total amortisation costs brought about by new units being added to the portfolio. A large part of the increase occurred in the rental portfolio, as shown in Table 11.2.

---

[1] The definitions below apply to the tables in this section.

Taxes	- property taxes.
Modernisation	- replacement or modernisation of stoves, refrigerators, carpets, roof membranes etc. and improvements which increase value or extend the life of the unit. Applicable to unsold units (i.e. rental, vacant or reacquired).
Utilities	- heat water and sewage. Applicable to unsold units only.
Maintenance	- materials and labour. Applicable to unsold units only.
Administration	- administration costs. For all units.
Amortisation	- principal and interest. All units.
Profits/losses	- loss as a result of a book value for a unit which exceeds seller's price.
Other	- services, ground expenses, insurance, equipment, and waste removal. Applicable to unsold units only.

[2] Technically, maintenance and modernisation expenditures would not be made for Regular RNH homeowner units. Tables 11.1 to 11.8 show such expenditures under the homeowner category because the units have been reacquired, repaired, and then resold. These expenditures occurred during the period when the units had been reacquired.

TABLE 11.1
COSTS FOR REGULAR RNH PROGRAMS
BY YEAR - FEDERAL SHARE ONLY
($M)

	1986	1987	1988	1989
Revenues	-16.9	-25.8	-25.4	-34.2
Property taxes	2.1	5.1	4.6	6.0
Utilities	.2	.4	.6	1.2
Other	3.0	3.6	5.1	6.6
Maintenance	.4	1.4	2.0	2.3
Modernisation	1.1	2.2	1.2	1.9
Amortisation	63.8	68.8	80.2	89.8
Administration	.0	.4	.6	.7
Profits/losses	.0	-2.0	1.5	.9
Post-occupancy repairs	.5	.7	1.1	1.2
Remedial repairs	.0	.0	.0	1.0
TOTAL	55.2	56.7	71.6	77.3

SOURCE: Asset and Program Accounting Division, CMHC.
NOTE: Figures may not add to total due to rounding.

TABLE 11.2
COSTS FOR REGULAR RNH PROGRAMS
BY TENURE AND BY YEAR - FEDERAL SHARE ONLY
($M)

TENURE	1986	1987	1988	1989
Homeowner	47.9	48.1	53.5	53.0
Reacquired	1.9	2.9	2.8	1.8
Rental	5.2	5.7	14.1	19.3
Lease-Purchase	.2	-.1	1.2	3.2
TOTAL	55.2	56.7	71.6	77.3

SOURCE: Asset and Program Accounting Division, CMHC.
NOTE: Figures may not add to total due to rounding.

The breakdown in costs for units committed prior to 1986 and those committed after 1985 is shown in Tables 11.3 and 11.4. As expected, costs incurred on the stock built prior to 1986 are stable, and even show signs of declining. The decline between 1988 and 1989 can be attributed to a rise in revenues relative to operating costs (amortisation cost being fairly constant). Also, as expected, total program costs for units committed after 1985 increase as more and more units are added to the portfolio each year.

TABLE 11.3
COSTS FOR REGULAR RNH PROGRAMS BY YEAR - FEDERAL SHARE ONLY
PRE-1986 COMMITMENTS
($000'S)

	1986	1987	1988	1989
Revenues	-17,169.5	-24,876.7	-21,642.1	-26,619.4
Property taxes	2,121.3	5,013.6	4,207.9	4,851.7
Utilities	192.4	375.5	535.6	689.1
Other	4,043.6	3,604.2	550.0	2,082.8
Maintenance	379.5	1,371.6	1,983.4	2,025.2
Modernisation	1,734.2	2,230.5	1,135.7	1,412.7
Amortisation	63,800.4	67,106.1	66,635.6	66,236.1
Administration	0.0	394.9	560.4	655.5
Profits/losses	-43.2	-553.6	779.6	325.3
Post-occupancy repairs	544.8	713.3	1,127.7	1,031.7
Remedial repairs	0.0	0.0	0.0	971.9
TOTAL	55,043.5	55,379.4	55,851.4	53,662.6

SOURCE: Asset and Program Accounting Division, CMHC.
NOTE: Figures may not add to total due to rounding.

TABLE 11.4
COSTS FOR REGULAR RNH PROGRAMS BY YEAR - FEDERAL SHARE ONLY
POST-1985 COMMITMENTS
($000'S)

	1986	1987	1988	1989
Revenues	218.9	-921.7	-3,749.1	-7,630.8
Property taxes	0.0	90.0	478.6	1,168.3
Utilities	0.0	2.3	67.5	534.6
Other	0.0	46.1	4,573.8	4,557.3
Maintenance	0.0	10.2	63.0	294.1
Modernisation	0.0	0.4	75.8	508.4
Amortisation	17.8	1,663.0	13,561.5	23,592.8
Administration	0.0	0.0	0.0	0.0
Profits/losses	0.0	374.8	678.4	548.0
Post-occupancy repairs	0.0	22.8	39.1	153.0
Remedial repairs	0.0	0.0	0.0	0.0
TOTAL	236.7	1,287.9	15,788.6	23,725.7

SOURCE: Asset and Program Accounting Division, CMHC.
NOTE: Figures may not add to total due to rounding.

Finally, a per unit figure can be prepared for 1989 program costs. In compiling these per unit figures, expenditures under the Section 79 program were first increased by one-third to reflect the provincial contributions and so make the expenditures under the Section 79 and Sections 92 and 57 programs comparable. The results of this calculation are shown in Tables 11.5 and 11.6. Then the resulting costs were divided by the number of units under administration from Table 11.1.1 in the Appendix to this chapter. The results are shown in Tables 11.7 and 11.8.

TABLE 11.5
1989 COSTS FOR REGULAR RNH PROGRAMS
PRE-1986 COMMITMENTS
($000'S)

	HOME-OWNER	REACQUIRED	RENTAL	LEASE-PURCHASE	TOTAL
Revenues	-30,754	-1,063	-2,731	-145	-34,694
Property taxes	5,588	290	454	33	6,365
Utilities	312	179	312	47	850
Other	2,050	-558	981	90	2,563
Maintenance	1,165	669	831	8	2,673
Modernisation	879	728	227	16	1,850
Amortisation	75,631	2,217	8,110	383	86,341
Administration	847	0	25	0	872
Profits/losses	927	-431	8	0	504
Post-occupancy repairs	1,305	44	11	0	1,360
Remedial repairs	1,187	27	80	0	1,294
TOTAL	59,137	2,102	8,308	432	69,978

SOURCE: Asset and Program Accounting Division, CMHC.
NOTES: Adjustments made by Program Evaluation Division to include provincial costs.
Figures may not add to total due to rounding.
Federal and provincial costs.

TABLE 11.6
1989 COSTS FOR REGULAR RNH PROGRAMS
POST-1985 COMMITMENTS
($000'S)

	HOME-OWNER	REACQUIRED	RENTAL	LEASE-PURCHASE	TOTAL
Revenues	-4,374	-29	-3,656	-964	-9,023
Property taxes	863	19	337	202	1,421
Utilities	7	26	424	158	615
Other	123	-80	5,733	53	5,829
Maintenance	23	27	166	121	337
Modernisation	61	62	245	197	565
Amortisation	11,951	300	12,968	3,254	28,473
Administration	0	0	0	0	0
Profits/losses	335	-7	274	56	658
Post-occupancy repairs	160	0	1	25	186
Remedial repairs	0	0	0	0	0
TOTAL	9,149	318	16,492	3,102	29,061

SOURCE: Asset and Program Accounting Division, CMHC.
NOTES: Adjustments made by Program Evaluation Division to include provincial costs.
Figures may not add to total due to rounding.
Federal and provincial costs.

The homeowner programs represent the largest share of the budget for units committed prior to 1986, while the rental programs consume the largest share of the budget for units committed after 1985 (Tables 11.5 and 11.6). On a per unit basis, the pre-1986 homeowner commitments are relatively more expensive than the pre-1986 rental commitments (Table 11.7). This is due to higher per unit amortisation costs. Per unit homeowner operating costs are also slightly lower and revenues are higher. The post-1985 rental units are more expensive on a per unit basis, due to higher amortisation and operating costs, as well as lower revenues than under the homeowner program (Table 11.8).

TABLE 11.7
1989 PER UNIT COSTS FOR REGULAR RNH PROGRAMS
PRE-1986 COMMITMENTS
($)

	HOME-OWNER	REACQUIRED	RENTAL	LEASE-PURCHASE	TOTAL
Revenues	-2,658	-1,968	-1,088	-1,494	-2,358
Property taxes	483	537	181	340	432
Utilities	27	331	124	484	58
Other	177	-1,033	391	927	174
Maintenance	101	1,238	331	82	181
Modernisation	76	1,348	90	165	125
Amortisation	6,538	4,105	3,232	3,948	5,868
Administration	73	0	10	0	59
Profits/losses	80	-798	3	0	34
Post-occupancy repairs	113	81	4	0	92
Remedial repairs	103	50	32	0	87
TOTAL	5,112	3,892	3,311	4,453	4,756

SOURCE: Asset and Program Accounting Division, CMHC.
NOTES: Adjustments made by Program Evaluation Division to include provincial costs.
Figures may not add to total due to rounding.
Federal and provincial costs.

TABLE 11.8
1989 PER UNIT COSTS FOR REGULAR RNH PROGRAMS
POST-1985 COMMITMENTS
($)

	HOME-OWNER	REACQUIRED	RENTAL	LEASE-PURCHASE	TOTAL
Revenues	-2,560	-568	-2,225	-1,733	-2,279
Property taxes	505	372	205	363	359
Utilities	4	509	258	284	155
Other	72	-1,568	3,489	95	1,472
Maintenance	13	529	101	217	85
Modernisation	36	1,215	149	354	142
Amortisation	6,997	5,882	7,892	5,852	7,193
Administration	0	0	0	0	0
Profits/losses	196	-137	166	100	166
Post-occupancy repairs	94	0	1	45	47
Remedial repairs	0	0	0	0	0
TOTAL	5,356	6,235	10,037	5,579	7,342

SOURCE: Asset and Program Accounting Division, CMHC.
NOTES: Adjustments made by Program Evaluation Division to include provincial costs.
Figures may not add to total due to rounding.
Federal and provincial costs.

C. CMHC Delivery and Administration Costs

Subsidy costs are only part of the total costs to government of the RNH programs. The programs demand a great deal of staff time to deliver and administer. Functions performed by CMHC in the delivery of the RNH programs which are not charged to the capital costs of specific projects include loan processing, inspections, architectural services, appraisal services and program development and marketing.

Administration functions include mortgage administration and property management. There are "other" administrative functions tied to the program, but not to the delivery of new units nor the management of the portfolio. These include corporate administration and other miscellaneous support functions.

Delivery and administration costs are composed of the personnel costs (wages and salaries, fringe benefits) and non-personnel costs (transportation, advertising and publication services, professional, technical and communication services, rental, repair and maintenance, utilities, materials, supplies and overhead) for performing

the delivery and administration functions. Table 11.9 gives a summary by program of these costs for CMHC in 1988 and 1989. Table 11.10 provides more details for the year 1989. Costs related to the administration of the training programs and to delivery agent fees are not included here.

The distinction between delivery and ongoing administration costs is important. Delivery costs are essentially one-time costs, while administration costs are incurred on an annual basis as long as the unit is in the portfolio. Even if no more new units were built, administrative costs would continue. Total administration increases each year as the portfolio is increased, while delivery and other costs change only as inflation rises and as more or fewer units are delivered each year.

TABLE 11.9
CMHC DELIVERY AND ADMINISTRATIVE COSTS
1988 AND 1989 RNH PROGRAMS
($000'S)

PROGRAM	DELIVERY[1]	ADMIN.	OTHER	TOTAL
		1988		
PRE-1986				
Section 79 (HO/R)	1,273	3,181	382	4,836
Section 92 (HO/R)	214	148	68	430
Section 57 (HO)	44	159	19	222
POST-1985				
Alta Section 79 (HO/R)	27	24	2	53
Rental (Sections 92, 79)	3,462	1,005	620	5,087
Homeowner (Sections 57, 92, 79)	4,726	746	1,262	6,734
F/T HAP (Section 92)	22	11	0	33
Demonstration (Part IX)	1,061	115	126	1,302
ERP (Section 54)	478	42[2]	276	796
TOTAL	11,307	5,431	2,755	19,493
		1989		
PRE-1986				
Section 79 (HO/R)	1,293	3,601	753	5,647
Section 92 (HO/R)	245	275	62	582
Section 57 (HO)	27	96	52	175
POST-1985				
Alta Section 79 (HO/R)	31	9	4	44
Rental (Sections 92, 79)	3,970	2,021	660	6,651
Homeowner (Sections 57, 92, 79)	4,511	881	1,080	6,472
F/T HAP (Section 92)	9	16	0	25
Demonstration (Part IX)	991	86	117	1,194
ERP (Section 54)	486	78[2]	240	804
TOTAL	11,563	7,063	2,968	21,594

SOURCE: Financial Planning Division, CMHC.
NOTES: [1] Delivery costs for pre-1986 programs are due to the recycling of units rather than to new construction. Federal cost only.
[2] There should be no administrative costs for the ERP. These figures are probably coding errors.

TABLE 11.10
CMHC ADMINISTRATIVE COSTS
1989 RNH PROGRAMS
($000'S)

	PRE-1986			POST-1985						
	HO/R SEC. 79	HO/R SEC. 92	HO SEC. 57	HO/R SEC. 79 (ALTA)	RENTAL SEC. 92, 79	HO SEC. 57, 92, 79	F/T HAP SEC. 92	DEMO PART IX	ERP SEC. 54	TOTAL
DELIVERY[1]										
Loan processing	503	178	3	19	2,771	3,273	7	684	376	7,814
Inspections	644	51	-	4	988	1,006	2	305	107	3,107
Architectural services	23	-	21	-	-	21	-	-	-	65
Appraisals	123	16	3	8	211	211	-	2	3	577
Total	1,293	245	27	31	3,970	4,511	9	991	486	11,563
ADMINISTRATION										
Inspections	81	4	-	-	27	17	-	-	-	129
Appraisals	14	2	-	-	1	-	-	-	-	17
Mortgage admin.	2,707	178	32	1	184	284	-	-	-	3,386
F/P project admin.	484	72	64	8	1,155	496	16	84	77	2,456
Property management	261	19	-	-	639	57	-	2	-	978
Admin. support	54	-	-	-	15	27	-	-	1	97
Total	3,601	275	96	9	2,021	881	16	86	78	7,063
OTHER										
Program development and marketing	48	31	25	-	559	773	-	116	226	1,778
Corporate admin.	19	3	-	-	43	46	-	1	2	114
Miscellaneous	686	28	27	4	58	261	-	-	12	1,076
Total	753	62	52	4	660	1,080	-	117	240	2,968
TOTAL	5,647	582	175	44	6,651	6,472	25	1,194	804	21,594

SOURCE: Financial Planning Division, CMHC.
NOTES: [1] Delivery for the pre-1986 units are due to the recycling of units rather than new construction.
Federal cost only.

The delivery costs recorded in Tables 11.9 and 11.10 reflect not only delivery activity for units committed in the year the costs were recorded, but also for units committed in prior years. This is because it can take up to four years after a commitment is made to have the unit built, occupied, and under administration. Information supplied by Programs Sector (CMHC) shows the yearly pattern of the delivery process (Table 11.11).

TABLE 11.11
PERCENTAGE OF UNITS COMPLETED BY YEAR

	HOMEOWNER (%)	RENTAL (%)
Commitment Year	20.0	25.7
- one year later	46.0	50.8
- two years later	34.0	23.5
TOTAL	100.0	100.0

SOURCE: Program Evaluation Division, based on data provided by Program Planning and Analysis Division, CMHC.

Hence in order to approximate the rate of delivery for which the 1989 delivery costs have been incurred, information on unit commitments for four years is required. This is shown in Table 11.12.

TABLE 11.12
NUMBER OF RNH UNITS COMMITTED BY CMHC
1987, 1988, AND 1989

	HOMEOWNER	RENTAL/LTP
1987	379	490
1988	449	304
1989	188	626

SOURCE: Planning and Program Analysis Division, CMHC.

Applying the commitment patterns (Table 11.11) to the units committed for each year (Table 11.12) gives the following CMHC RNH unit delivery rate for 1989:

Homeowner	368 units
Rental	430 units

The 1989 delivery rate for the Demonstration is 96 units and for the ERP program is 982 units.

Delivery costs also include the costs of recycling units. The number of post-1986 units recycled in 1989 would be approximately 50. It can be assumed that the tenure split of recycled units would be the same as the tenure split for post-1986 units under administration, which is roughly 50-50. Hence the total number of homeowner units which were "delivered" in 1989 would be approximately 393 (368 + 25) and the total number of rental units which were "delivered" in 1989 would be approximately 455 (430 + 25).

Table 11.13 shows the number of RNH units administered by CMHC in 1989. From Table 11.13, it is possible to estimate the number of units administered in a manner consistent with the data on administration costs in Table 11.10. This is shown in Table 11.14.

TABLE 11.13
RNH PORTFOLIO ADMINISTERED BY CMHC - 1989
(#)

	HOME-OWNER	REACQUIRED	RENTAL	LEASE-PURCHASE	TOTAL
PRE-1986					
Section 79	4,143	523	209	91	4,966
Section 92	219	16	4	6	245
Section 57	3	-	-	-	3
POST-1985					
Section 79	732	40	223	197	1,192
Section 92	331	11	351	285	978
Section 57	5	-	-	-	5

SOURCE: Asset and Program Accounting Division, CMHC.

TABLE 11.14
RNH PORTFOLIO ADMINISTERED BY CMHC - 1989
(#)

Homeowner/Rental Section 79 - Pre-1986	4,966
Homeowner/Rental Section 92 - Pre-1986	245
Homeowner Section 57 - Pre-1986	3
Rental (Sections 92, 79) - Post-1985	1,056
Homeowner (Sections 57, 92, 79) - Post-1985	1,119
Demonstration (Part IX)	399

SOURCE: Program Evaluation Division, CMHC.

The data from Table 11.10 on 1989 delivery costs can be divided by the number of units delivered in 1989 (Table 11.12 plus the ensuing adjustments) to yield a per unit delivery cost while the data on 1989 administrative costs can be divided by the number of units under administration (Table 11.14) to yield a per unit annual administration cost. The results are reported in Table 11.15.

TABLE 11.15
PER UNIT DELIVERY AND ADMINISTRATION COSTS FOR RNH PROGRAMS - 1989[1]
($)

	DELIVERY PER UNIT $	ADMIN. PER YEAR PER UNIT $	OTHER PER UNIT $
Homeowner/Rental Sec. 79 - Pre-1986	N/A	724	N/A
Homeowner/Rental Sec. 92 - Pre-1986	N/A	1,118	N/A
Homeowner Sec. 57 - Pre-1986	N/A	-	-
Rental Sec. 92/79 - Post-1985[2]	8,725	1,912	1,450
Homeowner Sec. 57/92/79 - Post-1985[2]	11,478	787	2,748
Demonstration (Part IX)	10,322	215	1,218
ERP (Section 54)	494	N/A	244

SOURCE: Program Evaluation Division, CMHC.
NOTES: N/A - Not applicable. Delivery costs for pre-1986 programs are due to the recycling of units rather than to new construction.
1 The costs include overhead. They are not comparable to fees paid to the provinces for delivery.
2 The difference between homeowner and rental delivery costs may be due to miscoding of time use for the recycling of rental units. "-" refers to fewer than 20 cases.

CMHC also hires Native delivery agents on a fee-for-service basis. These agents are primarily responsible for community consultations, selecting clients and aiding them in the application process, and client counselling. The Native delivery agents are paid a fee of up to 5 per cent of MUP in southern areas, and up to 7 per cent of MUP in northern areas for the number of units and services they deliver. In addition, they receive a fee of up to $75,000 per year to participate in the planning of the RNH program. The total fee-for-service paid in 1989 was $2.7M. The total tripartite fee paid in 1989 was $738,000. On a per unit basis, these fees amount to $1,576. This does not reflect the maximum amount a group could earn to deliver a unit, which for example could be up to $5,600 if the unit had a MUP of $80,000, was located in a remote area, and the group performed all three phases of the delivery process.

D. Client Training Programs and Project Development Funding

CMHC also administers the Native Cadre, Secondment, and Client Training programs. During the 1986 to 1988 period, the total annual costs of these programs averaged slightly over one million dollars per year.

In addition, the Project Development Funds program was in place. Over the same period, it averaged $31,000 per year.

The cost of administering these programs was $144,000 in 1988, and $100,000 in 1989.

E. Cost of New Commitments

This section will present calculations of the total costs to government arising from a commitment to subsidise the construction, acquisition, repair and operation of a housing unit under the various RNH programs. The total costs are composed of subsidies, delivery and administrative costs. As these costs are incurred over time, they will be presented on a present value basis. The section begins with a description of the essential characteristics of the units and households at the time of the subsidy commitment.

The most reliable data on the characteristics of RNH units and households at the time of commitment comes from the post-1985 commitment files. Table 11.16 shows estimated first year subsidy costs by tenure and by new and existing units. It shows that the subsidy costs of rental units are consistently higher than the subsidy costs of homeowner units. It also shows that the subsidy costs of existing units are lower than the subsidy costs of newly constructed units.

TABLE 11.16
ESTIMATED AVERAGE PER ANNUAL UNIT SUBSIDY COSTS AT TIME OF COMMITMENT - REGULAR RNH PROGRAMS
($)

		HOMEOWNER			RENTAL		
	ALL	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL
1986	7,437	6,557	5,216	6,126	13,324	11,427	13,025
1987	8,403	7,390	6,028	7,028	10,511	7,427	9,724
1988	9,317	7,676	6,519	7,444	10,726	8,665	10,416
1989	8,352	6,936	6,323	6,810	9,284	8,742	9,191

SOURCE: Program Delivery System, (RNH86PR), CMHC.
NOTE: Federal and provincial costs.

Table 11.17 gives information on average capital cost by year, tenure, and new and existing dwellings. This table shows that rental units tend to be less expensive to develop than homeowner units and that existing units tend to be less expensive to develop than new units.

TABLE 11.17
ESTIMATED AVERAGE PER UNIT CAPITAL COSTS
AT TIME OF COMMITMENT - REGULAR RNH PROGRAMS
($)

		HOMEOWNER			RENTAL		
YEAR	ALL	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL
1986	73,989	74,992	64,726	71,696	86,695	68,155	83,767
1987	78,264	83,308	70,927	80,023	79,242	68,777	76,574
1988	83,926	86,298	80,376	85,113	86,150	66,060	83,136
1989	78,976	82,610	72,674	80,571	78,127	70,082	77,957

SOURCE: Program Delivery System, (RNH86PR), CMHC.
NOTE: Federal and provincial costs.

The other source of costs to government are the subsidisation of property taxes for the homeowner program and operating costs for the rental program. One reason for higher costs to government of the rental program is the fact that all operating costs are higher than property taxes alone, as shown in Table 11.18.

TABLE 11.18
ESTIMATED AVERAGE PER ANNUAL UNIT OPERATING COSTS
AT TIME OF COMMITMENT - REGULAR RNH PROGRAMS
($)

	HOMEOWNER			RENTAL		
YEAR	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL
1986	491	489	490	5,014	5,886	5,151
1987	627	686	642	3,377	2,095	3,050
1988	596	570	590	3,418	4,139	3,526
1989	685	720	692	2,465	3,717	2,731

SOURCE: Program Delivery System, (RNH86PR), CMHC.
NOTES: Operating costs for homeowner units include property taxes only.
Operating costs for rental units include property taxes, maintenance, utilities, land lease, liability insurance, administration, janitorial, professional fees, arrears and other.
Federal and provincial costs.

The final factor to consider in explaining subsidy cost levels are project revenues, which are based on client incomes. As shown in Table 11.19, the average incomes of clients at the time of commitment have been generally increasing, with the

incomes of new homeownership clients increasing at a faster rate than rental clients. This may be the result of the increasing application of program guidelines which stream low-income clients into the rental program and higher-income clients into the homeowner program.

TABLE 11.19
ESTIMATED AVERAGE PER ANNUAL UNIT PAYMENTS/REVENUES AT TIME OF COMMITMENT - REGULAR RNH PROGRAMS
($)

		HOMEOWNER			RENTAL		
YEAR	ALL	NEW	EXISTING	TOTAL	NEW	EXISTING	TOTAL
1986	2,472	2,462	2,520	2,480	2,480	2,235	2,442
1987	2,811	2,850	2,765	2,827	2,727	2,999	2,796
1988	2,946	3,081	2,851	3,035	2,847	3,116	2,887
1989	3,096	3,581	3,233	3,509	2,656	3,391	2,832

SOURCE: Program Delivery System, (RNH86PR), CMHC.
NOTE: Federal and provincial revenues.

The preceding analysis does not indicate government's total financial exposure as a result of committing a new RNH unit. This is because subsidy costs are incurred for a long period after the unit is constructed and occupied - up to 25 years. One approach to address this issue is to estimate the present value of all subsidy costs, as explained below.

The data on client incomes, project/unit capital and operating costs from the commitment files for the post-1985 period will be used as the basis for estimating the project/unit subsidy budget for the first year. Thereafter, costs incurred on an annual basis will be assumed to increase at a rate of 5 per cent per year, as will revenues. This rate of increase is about the same as long-term (30-year) inflation rates.

The assumption that incomes and operating costs will grow at approximately equal rates is justified by the evidence given in Table 11.20. This shows that the incomes of RNH clients have grown at an average rate of 8 per cent per year over the 1980-1988 period. Annual inflation rates for water, fuel, and electricity, and for property taxes over the same period, have been 7.6 per cent and 6.9 per cent respectively (Table 82, 1989 Canadian Housing Statistics).

TABLE 11.20
GROWTH RATES FOR RNH CLIENT INCOME

	INCOME AT COMMITMENT	1988 INCOME	ANNUAL GROWTH RATE
1980-1988	8,681	16,778	8.6
1981-1988	10,202	15,726	6.3
1982-1988	12,594	20,475	8.4
1983-1988	13,846	20,088	7.7
1984-1988	14,394	19,351	7.7
1985-1988	13,429	16,565	7.2
1986-1988	13,534	15,637	7.5
1987-1988	15,052	16,610	10.3
AVERAGE			8.0

SOURCE: Appendix I to Chapter III.

Table 11.21 gives the estimated annual revenues, expenses, and subsidies at the time of commitment for the Regular Homeowner and Rental programs. The subsidies under the Regular programs are provided until client payments equal amortisation and property taxes (and project revenues equal project costs or for 25 years, whichever is sooner). The "pro-forma" for the subsidies provided under the Regular Homeowner and Rental programs is shown in Table 11.22, assuming constant interest rates and an inflation rate of 5 per cent.

TABLE 11.21
ESTIMATED ANNUAL RNH PROJECT/UNIT COSTS, REVENUES AND SUBSIDIES AT TIME OF COMMITMENT
POST-1985

COST ELEMENT	HOMEOWNER ($000's)	RENTAL ($000's)
Revenue	-7,072	
Less heat allowance	999	
Net revenue	-6,073	-7,161
Amortisation	19,237	28,143
Property taxes	1,238	1,276
Maintenance		3,144
Utility		5,209
Land lease		279
Liability insurance		198
Administration		1,283
Janitorial		111
Professional fees		108
Arrears		229
Other		9
Total expenditures	20,476	39,995
Total expenditures less amortisation	1,238	11,851
Total expenditures less amortisation and net revenues	-4,834	4,689
	$ PER UNIT	**$ PER UNIT**
Number of units	2,084	2,794
Subsidy per unit ($)	6,911	11,751
Amortisation per unit ($)	9,231	10,073
Net operating cost (Revenue) per unit ($)	-2,319	1,678

SOURCE: Commitment data for 1986, 1987, 1988 and part of 1989. Program Delivery System, (RNH86PR), CMHC.
NOTE: Federal and provincial costs.

When the annual subsidies as shown in Table 11.22 are discounted using a 12 per cent discount rate, and summed, their present values are $45,375 and $143,934 for the homeowner and rental programs respectively. These subsidies compare to the subsidies provided under the Demonstration and HAP programs, which are approximately $40,000 and $74,000.

In order to reveal the costs to government of these programs, other expenses will have to be added. These relate to the costs incurred due to client turnover, and to post-occupancy and remedial repairs.

The associated administrative costs with respect to the costs incurred due to client turnovers are already captured as an element of mortgage administration. The only "extra" costs relate to the loss of revenues while the unit is vacant, operating costs incurred while the unit is under CMHC's or the provinces' possession, and repair and modernisation costs incurred to make the unit suitable for re-occupancy. Table 11.23 shows the relevant statistics for the RNH portfolio for 1989.

TABLE 11.22
SIMULATION OF RNH HOMEOWNER AND RENTAL SUBSIDIES

	HOMEOWNER UNIT - $ PER UNIT			RENTAL UNIT - $ PER UNIT		
YEAR	NET OPERATING COSTS (REVENUE)	AMORTISATION COSTS	SUBSIDY COSTS	NET OPERATING COSTS (REVENUE)	AMORTISATION COSTS	SUBSIDY COSTS
1	(2,319)	9,231	6,912	1,678	10,073	11,751
2	(2,434)	9,231	6,797	1,761	10,073	11,834
3	(2,556)	9,231	6,675	1,849	10,073	11,922
4	(2,684)	9,231	6,547	1,942	10,073	12,015
5	(2,818)	9,231	6,413	2,039	10,073	12,112
6	(2,959)	9,231	6,272	2,141	10,073	12,214
7	(3,107)	9,231	6,124	2,248	10,073	12,321
8	(3,263)	9,231	5,968	2,361	10,073	12,434
9	(3,426)	9,231	5,805	2,479	10,073	12,552
10	(3,597)	9,231	5,634	2,603	10,073	12,676
11	(3,777)	9,231	5,454	2,733	10,073	12,806
12	(3,966)	9,231	5,265	2,869	10,073	12,942
13	(4,164)	9,231	5,067	3,013	10,073	13,086
14	(4,372)	9,231	4,859	3,164	10,073	13,237
15	(4,591)	9,231	4,640	3,322	10,073	13,395
16	(4,821)	9,231	4,410	3,488	10,073	13,561
17	(5,062)	9,231	4,169	3,662	10,073	13,735
18	(5,315)	9,231	3,916	3,846	10,073	13,919
19	(5,580)	9,231	3,651	4,038	10,073	14,111
20	(5,859)	9,231	3,372	4,240	10,073	14,313
21	(6,152)	9,231	3,579	4,452	10,073	14,525
22	(6,460)	9,231	2,771	4,674	10,073	14,747
23	(6,783)	9,231	2,448	4,908	10,073	14,981
24	(7,122)	9,231	2,109	5,154	10,073	15,227
25	(7,479)	9,231	1,752	5,411	10,073	15,484

SOURCE: Based on Table 11.23 and on assumptions of a 5% annual increase in client incomes and unit/project operating costs.

NOTE: Federal and provincial costs.

TABLE 11.23
COST FOR REGULAR RNH PROGRAMS - 1989
HOMEOWNER AND REACQUIRED UNITS
($)

	HOMEOWNER	REACQUIRED	TOTAL
Revenues	-35,128	-1,092	-36,220
Property taxes	6,451	309	6,760
Utilities	319	205	524
Other	2,173	-638	1,535
Maintenance	1,188	696	1,884
Modernisation	940	790	1,730
Amortisation	87,582	2,517	90,099
Administration	847	-	847
Profits/losses	1,262	-438	824
Post-occupancy repairs	1,465	44	1,509
Remedial repairs	1,187	27	1,214
TOTAL	68,286	2,420	70,706

SOURCE: Asset and Program Accounting Division, CMHC.
NOTE: Federal and provincial costs.

At the end of 1989, 3.8 per cent of the pre-1986 stock and 2.9 per cent of the post-1985 stock were currently in CMHC's or the provinces' possession. This data does not reveal how many units were reacquired during the year however. A year-end reacquisition rate of 3 per cent would be consistent with a retention period of 6 months and with 6 per cent of the stock being reacquired or with a retention period of 3 months and with 12 per cent of the stock being reacquired, and so on.

In fact, statistics for the RNH stock under CMHC's administration show that out of 6,023 units, 255 were reacquired, which is slightly higher than the number reacquired in previous years. This represents roughly 4.2 per cent of the homeowner stock. If the stock administered by the provinces and territories is included, this would amount to approximately 590 units in 1989.[1]

In 1989, the total utility costs, other costs, maintenance costs, modernisation costs, and profits/losses for all homeowner and reacquired units amounted to approximately $6.5

---

[1] Forty-three per cent of respondents to a survey of RNH program staff cited financial difficulties as the key reason for client abandonment of units, followed by poor maintenance and family break-up (each cited by 10 per cent of the respondents).

million. These costs are solely attributable to units which have been reacquired. The reason that they appear for homeowner units is that they reflect expenditures that have been incurred prior to the resale of the unit. The reacquisition costs for each unit is the $6.5M divided by the number of reacquired units, or about $11,000. The expected annual reacquisition costs for each unit developed under the program is $11,000 multiplied by the annual reacquisition rate of 4.2 per cent, or about $460. On a present value basis, using a 12 per cent discount rate and assuming 5 per cent annual inflation, this amounts to approximately $5,360 per unit.

In addition, no revenue will be collected during the period of reacquisition. The average per unit annual revenue loss for reacquired units is estimated as the total revenues ($36.3M) for both homeowner and reacquired units divided by the average number of occupied homeowner units, or about $2,600 per year. As about 3.7 per cent of the stock is under "reacquisition" throughout the year, the expected annual revenue loss for any unit committed under the program is $2,600 multiplied by 3.7 per cent or about $100. On a present value basis, this amounts to about $1,165 (5 per cent inflation, a 12 per cent discount rate).

Hence the total expected costs for any unit committed under the program due to reacquisitions is approximately $6,525 in present value terms. This is the sum of expected repair and operating costs ($5,360) and lost revenues ($1,165).

Post-occupancy repairs correct defects in workmanship and defective materials not covered by a provincial home warranty program. The costs incurred are not capitalised in the loan amount, but are paid out of program funds. In essence, CMHC and its provincial partners are self-insuring against defects in workmanship. This is a legitimate construction cost, the alternative being to participate in the provincial new home warranty programs and pay the required fee. Annual expenditures for post-occupancy repairs range between $.5M (1986) and $1.2M (1989) and show a steady increase. Table 11.5 shows 1989 post-occupancy repair expenditures of $1.4M for pre-1986 commitments, and Table 11.6 shows post-occupancy repair expenditures of $186,000 for post-1985 commitments.

The explanation for the post-occupancy repairs on units committed prior to 1986 does not lie in a prolonged construction period for units committed just prior to 1986, as post-occupancy repairs in 1989 have been recorded on units committed as far back as 1974. The explanation is that they are for units which have been reacquired and resold and for which repairs are needed after resale.

It seems that the only way to account for post-occupancy repairs is to take the portfolio average for 1989 - $109 per

unit - and assume that this is the expected annual post-occupancy repair bill for any unit committed under the program. The present value of this over 25 years is about $1,270, using a 12 per cent discount rate and assuming inflation of 5 per cent.

Expenditures for remedial repairs were authorised in 1987. Draft program guidelines specify that the remedial repairs are to restore a unit to its original condition. The types of repairs include structural repairs, drainage, sewer and water installation, electrical servicing installation and upgrading. The program is financed through the Regular RNH budget - i.e. by reducing the number of new units committed under the programs. Remedial repair expenditures were first recorded in 1989 ($972,000). Some were in Alberta and Saskatchewan, but most (46 per cent) were in Manitoba. Nationally, homeowner units accounted for 92 per cent of the expenditure, and rental units accounted for 6 per cent.

The procedure for estimating the costs per unit for the remedial repair program will be similar to that for estimating the costs of post-occupancy repairs. The per unit per year average for the portfolio - $88 - will be increased at a 5 per cent rate each year, and then discounted at a 12 per cent rate and summed. The result is $1,010 per unit.

The present value of the subsidy costs under the different programs has now been calculated. These can be combined with delivery and administration costs to derive the estimated total costs to government of a new unit committed under the various RNH programs.

Table 11.24 provides a summary of the total program costs on a present value basis arising from a new commitment. These costs are comprised of the subsidy to the occupant, post-occupancy and remedial repairs, repair and modernisation costs due to the recycling of units, CMHC/Provincial delivery and administration costs and agent fees.

The "delivery" and "other" costs for homeowner and rental units in Table 11.24 are from the information for post-1985 Section 79 Homeowner and Rental programs contained in Table 11.15, and the "administration" costs are the present values of the "administration" costs from Table 11.15 for the post-1985 Rental and Homeowner programs.

TABLE 11.24
PRESENT VALUE OF PROGRAM COSTS
$ PER UNIT

	HOME-OWNER	RENTAL	DEMON-STRATION	F/T HAP	ERP
Subsidy (PV)	45,400	144,000	40,000	74,000	2,000
Post-occupancy repairs (PV)	1,270	N/A	N/A	N/A	N/A
Remedial repairs (PV)	1,010	N/A	N/A	N/A	N/A
Recycling of units (PV)	6,525	N/A	N/A	N/A	N/A
Delivery costs	11,500	8,725	10,320	10,320	500
Administrative costs (PV)	9,200	22,300	2,500	2,500	0
Other costs	2,750	1,450	1,220	1,220	250
Agency fees	1,600	1,600	400	N/A	200
TOTAL	79,255	178,075	54,440	88,040	2,950

SOURCE: Program Evaluation Division, CMHC.
NOTES: N/A = Not Applicable.
Federal and provincial costs.

The most costly program is the Rental program, followed by the Regular Homeowner program, then HAP and then the Demonstration program. The Emergency Repair Program is least costly. These cost differences are due to at least three factors: the program design, the characteristics of clients served, and the distribution of clients between high and low cost areas. No effort was made to standardise for any of these factors. Therefore, they should not be used to determine expected per unit costs should one program be used exclusively. For example, if the Regular Homeowner program were relied upon, it is likely that program costs would be higher than shown here because more low-income clients would be served. Similarly a greater percentage of units would be allocated to high cost remote areas.

F. Summary

This chapter has documented the costs to government of the Rural and Native Housing programs. The main cost is the subsidies provided to the clients. Under the Regular RNH programs, these subsidies are paid out over a period of up to 25 years for the Homeowner program and potentially more for the Rental program. Under the Demonstration and ERP programs, the subsidies are paid out up front.

The pattern of subsidy payout determines the total subsidy costs of the programs. Under the Regular programs, the subsidy for a unit is spread over time and so the program subsidy costs grow quickly as units are added to the portfolio. Under the Demonstration programs, the subsidy for a unit is paid up front and so the total subsidy costs are quite high initially, but grow relatively slowly thereafter as units are added to the portfolio.

The analysis of the data on estimated subsidy costs at the time of commitment reveals that rental subsidies are higher than homeowner subsidies and that subsidy costs are higher for new dwellings than existing dwellings. The higher rental subsidies are due to the higher operating costs and the lower incomes of the clients. The lower subsidy costs of existing units appear to be due to lower capital costs, although this advantage is somewhat offset by the higher operating costs of existing dwellings.

The analysis of total program cost data revealed that costs on pre-1986 commitments have stabilised and are showing signs of decline. Therefore total program cost increases after 1986 are mainly due to new commitments. The Rental program accounts for the bulk of the increase in costs due to these new commitments.

The delivery and administration costs of the programs were also documented. The most expensive program to deliver and administer is the Regular Rental program, followed by the Regular Homeowner program. The Demonstration program is less expensive than the Regular RNH programs. This is mainly because of lower ongoing administration costs due to the reliance on a forgivable loan rather than a subsidised mortgage. Also, Native delivery agent fees are lower for demonstration units and demonstration clients do not benefit from any formal counselling program, as they learn about their units "on the job", albeit from ongoing supervisory help from a hired construction manager during the building phase.

The final step in the analysis was to calculate the costs to government on a present value basis of a commitment under the various RNH programs. Not surprisingly, the Rental program was the most expensive program, followed by the Regular Homeowner program, HAP and the Demonstration program. A

significant contributor to the cost of the programs was their delivery and administration (32 per cent of the cost of the Homeowner program, 19 per cent of the cost of the Rental program, and 26 per cent of the cost of the Demonstration program).

No attempt was made to standardise for the location of the units, the clientele served, or the program design in making these calculations. Hence the results should not be construed as a cost-effectiveness analysis of alternative program designs. The following chapter attempts to assess the cost-effectiveness of the various programs following accepted Treasury Board guidelines and standardising for all essential factors.

XII THE COST-EFFECTIVENESS OF ALTERNATIVE RNH PROGRAM DESIGNS

A. Introduction

The objective of the RNH programs is to provide housing assistance to core need households. One question that should be addressed in this evaluation is which approach to providing housing in rural areas is least costly in terms of the total amount of material, labour, and land resources consumed. If one program is found to be superior in this regard, all other things being equal, then it should be favoured over the others in future program designs.

To achieve this objective, the principal alternative to the Regular RNH programs is the Demonstration program (or the Housing Assistance Program in the Northwest Territories). The Demonstration program differs from the RNH Regular programs in one key way - it involves the client in the construction of the unit. The Demonstration program and the Regular Homeowner program also differ from the Rental program in that the client is responsible for operating the unit. Other alternatives include manufactured housing, using the existing privately-owned stock, and rehabilitation of existing units.

For purposes of this chapter, the measure of cost-effectiveness of the RNH programs will be the costs of producing and operating a three-bedroom single-detached unit. The data for the analysis will be drawn from a number of sources, including administrative data and the client survey data. Observations from as many RNH units as possible will be used to maximise the reliability of the results. The analysis will be done for three areas - rural, remote and the Northwest Territories - so as to avoid distortions in the results due to unequal distributions, in the programs, of units between low- and high-cost areas.

A basic assumption in considering the Demonstration program as the principal alternative to the Regular RNH Homeowner and Rental programs, in assisting low-income households occupying substandard accommodation, is that repair of the existing dwelling is not a feasible option. If this assumption does not hold, then the existing dwelling should be repaired. This follows because analysis done for the evaluation of renovation programs (CMHC, 1986) has demonstrated repair to be the more cost-effective than new construction in virtually 100 per cent of the cases considered. This evaluation will not consider rehabilitation formally in the assessment of the cost-effectiveness of alternatives.

There are other technologies, than on-site construction, available to produce housing for rural communities. Manufactured housing represents one alternative which will be

considered. However, the absence of independent cost data on key aspects of the construction and operation of manufactured housing necessitates some qualifications being applied to the results.

There may be alternative housing in the same area to which the household may be moved. Evidence presented in Chapter III showed a decline in rural populations between 1976 and 1986. Further the Evaluation of the Public Housing Programs (CMHC, 1990) revealed high vacancies in the rural public housing stock compared to the urban public housing stock. This suggests that there is declining demand in rural areas, leading to opportunities to use vacancies in the existing stock to address rural social housing problems. Current RNH policy already provides for the purchase of existing units. However, there is no authority to use a rent supplement type of program in rural areas. The cost-effectiveness of this approach will be investigated here.

This chapter is divided into three parts. The first contains a discussion of the measures of the costs of building and operating units provided under these programs, while the second section contains a discussion of the results of the cost-effectiveness calculations. The third part contains a discussion of the cost of alternative program financing techniques.

B. The Economic Costs of Rural and Native Housing

It is essential that all costs be included, not just direct costs to government, because the decision to build a house draws resources away from other potential uses. These lost opportunities must be accounted for. Failure to do so may lead to a decision to proceed with a program which may be cost-effective from government's point of view, but may reduce overall welfare because the total costs are higher than for the alternatives.

Some costs are incurred up front, while others are incurred many years from now. Since costs incurred in later years are not valued as highly as costs incurred today, these future costs will be discounted to a present value before being added into the total. Treasury Board's suggested social discount rate of 10 per cent will be used.

The costs for which data are to be gathered are displayed in Table 12.1.

TABLE 12.1
DATA REQUIREMENTS FOR THE CALCULATION
OF THE COSTS OF UNITS PRODUCED
UNDER THE RNH PROGRAMS

	HOMEOWNER	RENTAL	DEMONSTRATION
DEVELOPMENT AND CONSTRUCTION COSTS			
Construction costs	1	1	
Labour costs			est
Materials			2
Land			est
Post-occupancy repairs	3	3	3
Delivery costs	4	4	4
OPERATING COSTS			
Property taxes	3	1	3
Electricity	3	1	3
Oil, gas, etc.	3	1	3
Water	3	1	3
Sewage pump out	3	1	3
Management/occupant time	est	1	est
Maintenance/occupant time	est	1	est
Program administration	4	4	4

NOTE: Where 1 is commitment data (RNH86PR),
2 is Demonstration monitoring data,
3 is RNH survey data,
4 is program administration data, and
"est" is data calculated by the Program Evaluation Division.

Each cost element will be considered in turn. Section C will bring these separate estimates together to yield measures of the cost-effectiveness of the programs.

1. Development and Construction Costs

Development and construction costs for the Regular RNH programs include such items as site preparation, architectural services, appraisals, land, labour, materials, contractor overhead and profits, interest on advances, and so on. Some of these costs are capitalised while others are borne by CMHC and its provincial partners directly as part of program delivery.

The capital costs, on a per unit basis, for a 3-bedroom unit financed under the Homeowner and Rental programs, for remote and non-remote areas, are given in Table 12.2.

TABLE 12.2
ESTIMATED CAPITAL COSTS FOR A 3-BEDROOM UNIT
($)

	REMOTE	NON-REMOTE	N.W.T.
REGULAR HOMEOWNER			
Construction	76,107	62,558	N/A
Land	7,247	7,785	N/A
REGULAR RENTAL			
Construction	82,754	59,184	101,044
Land	938	4,498	13,033

SOURCE: Program Delivery System (RNH86PR) and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

There is no reason to believe that the construction costs of a 3-bedroom rental unit would differ from that of a similar homeowner unit. Therefore, the construction cost to be used in the cost-effectiveness calculations will be the average of owner and rental units in each area, as follows:

Remote	$77,500
Non-remote	$62,000
N.W.T.	$101,000

The serviced land costs will be for a 3-bedroom homeowner unit in remote and non-remote areas, and for a 3-bedroom rental unit in the Northwest Territories, as follows:

Remote	$7,250
Non-remote	$7,785
N.W.T.	$13,035

Comparable cost figures are not available for the Demonstration program. Some of the clients contributed their own land while others had to use part of the subsidy to purchase land. Thus the value of land for those who contributed it is not known, and so a value for serviced land will have to be estimated. All of the clients contributed some of their own labour. But only fragmentary information about the number of hours worked by the volunteers is available, so an estimate will have to be made. Further a value will have to be imputed to their time.

It could be argued as the land and labour was donated, that their costs should not be counted. But there are other uses to which the land could have been put, either of a residential, industrial or commercial nature. Its use in the RNH program means that it cannot be used elsewhere, and these lost opportunities should be accounted for. Similarly, the value of the client's labour should be included in the calculation, since an hour spent working on the house means that there is one less hour to spend taking care of the children or the parents, housekeeping, helping neighbours or the community, and so on. Leisure time has a value also. These lost opportunities must also be counted in the total costs of constructing the RNH demonstration units.

Table 12.3 summarises the distribution of expenditures for the 1986 and 1987 Demonstration program. The land component represents only the costs of land purchased with funds from the grant. Land donated by the client or others is not included. Further the labour costs represent only the subcontractors hired to do some of the work, such as plumbing, wiring, etc., and the costs of the construction managers. "Material" represents the full costs of materials for the project, while "Other" covers items such as predevelopment costs, fees, tools, equipment rentals, site preparation, contingencies, and miscellaneous items.

TABLE 12.3
DISTRIBUTION OF COSTS FOR THE DEMONSTRATION PROGRAM
(1986-1987)

	$ PER UNIT
Land services	2,283
Labour	8,618
Material	24,334
Other	4,565
TOTAL	39,800
Total net of land	37,517

SOURCE: Demonstration Monitoring Reports for 1986 and 1987, CMHC.

It is known from commitment data for the Regular RNH programs (Table 12.2) that capital costs, net of land costs for single-detached units are 25 per cent higher in remote areas than in non-remote areas. Approximately 50 per cent of the Demonstration units are in remote areas. This information can

be used to derive Table 12.4 on the capital costs of the Demonstration program, net of the costs of land (see Appendix I for the methodology).

TABLE 12.4
CAPITAL COSTS, NET OF LAND, FOR THE DEMONSTRATION PROGRAM ($)

Remote	41,685
Non-remote	33,348

SOURCE: Program Evaluation Division, CMHC.

In order to capture the value of all the land used in the construction of RNH units, estimates of the costs of serviced land from the Regular RNH programs are added to these figures. These land cost estimates are given for both remote and non-remote areas in Table 12.2.

The number of hours volunteers worked on the Demonstration projects is not known and therefore will have to be estimated. The procedure will be to derive an estimate of the value of "residual" labour. This is the difference between the total value of construction of a Regular RNH unit, net of taxes, profits and construction overhead, and the value of construction covered by the Demonstration grant (which covers all materials and the professional labour used in the construction of the Demonstration unit). Since the value of construction of a Regular RNH unit is being assumed, the resulting number represents the value of labour as if it were provided by professional construction workers. This will be converted to hours worked and then adjusted to reflect the lower productivity of an unskilled volunteer labour force. The adjustment factor will be 150 per cent (a figure of between 100 and 133 per cent was suggested by Program Implementation Division, the group within CMHC charged with delivering the Demonstration program. A higher adjustment factor is used here to compensate for any natural downward bias that the program management staff might exhibit).

The average construction costs of Regular RNH units (3-bedroom single-detached) in non-remote areas is $62,000. Materials and labour is approximately 85 per cent of this figure (it has been estimated that 15 per cent of the cost of residential construction is attributable to taxes, profits, and overhead), or approximately $53,000. The estimated net capital costs were $33,350. Thus an estimate of labour costs, as if labour was provided by professionals, of approximately $19,650 is derived (i.e. $53,000 - $33,350). The average basic hourly wage rate (i.e. excluding supplements) for labourers employed in the construction trades in 18 CMA's in 1988 was $15.79

(Construction Price Statistics, Statistics Canada, Cat. 62-007). Dividing $19,650 by $15.79 yields an estimate of 1,245 hours of labour. Adjusting this figure by 50 per cent, to account for volunteer labour being less productive, yields an estimate of about 1,865 hours of volunteer labour being devoted to building each demonstration unit.

The next task is to impute a value to the volunteer labour. In a fully-employed economy, in which a person could freely choose his hours of work, a rational person would divide his time between leisure and work such that he is indifferent between the two activities. That is, he would work until the value of time spent at work equals the value of time spent at leisure. As the value of his time at work is equal to his wage rate net of income taxes, then it follows that he would value his leisure hours similarly. Therefore we could use the market wage rate less taxes to give a value to the leisure hours sacrificed in order to build the demonstration unit.

However, in a less than fully-employed economy, the market wage rate, net of taxes, is not considered a good measure of the value of leisure time. This is because there are unemployed persons who probably would work for less than the net market wage because they value their leisure time at a lower rate than the market wage rate. Because of labour market constraints such as minimum wage laws, licensing requirements, unions, and so on, they are unable to find employment at the lower rate. Therefore to account for the effect of taxation and labour market constraints on the market wage rate, it will be adjusted down to 40 per cent to yield an estimate of the value of leisure time. This percentage was suggested by Professor D.A. Smith of Carleton University, an acknowledged expert in cost-effectiveness analysis.

This still leaves the problem of estimating the market wage rates for the demonstration clients. Information on income was collected, but the number of hours they worked is not known so their wage rates cannot be calculated. Their occupations are also not known, so a wage rate cannot be imputed. The only recourse is to estimate an hourly wage rate for the rural population as a whole. The source of data for this is the 1988 HIFE, which gives wage and salary incomes and number of weeks worked. Selecting only those reporting being fully-employed and calculating the ratio of salary to weeks worked, yields an average weekly salary of $500, which divided by 40, yields an average hourly wage of $12.66. Forty per cent of this is $5.00. Applying the $5.00 to the estimates of the number of hours worked on the project by volunteer labour, gives an estimate of volunteer labour costs of approximately $9,325.

A final accounting for the construction costs of the Demonstration program is now possible, and is shown in Table 12.5.

TABLE 12.5
CAPITAL COST ESTIMATES FOR
THE DEMONSTRATION AND HAP PROGRAMS
($)

	REMOTE	NON-REMOTE	N.W.T.
Capital net of land	41,685	33,350	75,000
Land costs	7,250	7,785	13,035
Volunteer labour	9,325	9,325	9,325
TOTAL	58,260	50,460	97,360

SOURCE: Program Evaluation Division, CMHC.

2. Adjustment for Quality of Construction

In order that "apples" can be compared with "apples", adjustments need to be made to the capital cost figures to capture the varying qualities of labour used in the construction of the units. This can easily be done by adding in inspector estimates of work requirements for the post-1985 stock. This information is reported in Table 12.6.

TABLE 12.6
WORK REQUIREMENTS - POST-1985 PORTFOLIO
SINGLE-DETACHED, 3-BEDROOM UNITS
$ PER UNIT

	REMOTE	NON-REMOTE	N.W.T.
RNH Regular	426	1,052	2,682
RNH Demonstration/F/T HAP	1,905	2,128	1,463

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

3. Delivery Costs

The final cost element to be included in the construction costs of the units is the delivery costs incurred by CMHC and its provincial partners. In calculating delivery costs, only those elements related to the construction of the unit and which were not already in the capital costs of the unit will be included. These are inspections, architectural services, appraisals, and the share of corporate administration and direct support services attributable to these functions, (Table 12.7).

TABLE 12.7
CMHC RNH DELIVERY COST - 1989
($000'S)

	PROGRAM		
DELIVERY FUNCTION	HOMEOWNER	RENTAL	DEMONSTRATION
Inspection	1,005	988	305
Architectural services	21	0	0
Appraisals	211	211	2
Administrative support[1]	67	21	-
TOTAL	1,304	1,220	307
No. of units delivered	393	455	96
Delivery costs per unit	3,318	2,681	3,197

SOURCE: Financial Planning Division, CMHC.
NOTE: [1] This is the estimated administrative support, corporate administration, and other administration attributable to the above delivery functions.

The owner delivery cost will be used for the delivery costs of both rental and homeowner units, since this is more likely to represent the delivery costs for a single-detached, 3-bedroom unit than the delivery cost of the Rental program, which is more likely to reflect delivery of other structural types.

4. Summary of Construction Costs

At this stage, it would be useful to summarise the estimates of construction costs under the three different programs (Table 12.8).

TABLE 12.8
SUMMARY OF CONSTRUCTION COST ESTIMATES
($)

	REMOTE	NON-REMOTE	N.W.T.
REGULAR HOMEOWNER			
Land	7,250	7,785	N/A
Construction	77,500	62,000	N/A
Quality adjustment	425	1,050	N/A
Delivery	3,320	3,320	N/A
TOTAL	88,495	74,155	N/A
RENTAL			
Land	7,250	7,785	13,305
Construction	77,500	62,000	101,095
Quality adjustment	425	1,050	2,680
Delivery	3,320	3,320	5,820
TOTAL	88,495	74,155	122,900
DEMONSTRATION/F/T HAP			
Land	7,250	7,785	13,035
Materials etc.	41,685	33,350	75,000
Labour	9,325	9,325	9,325
Quality adjustment	1,905	2,130	1,465
Delivery	3,200	3,200	3,200
TOTAL	63,365	55,790	102,025

SOURCE: Program Evaluation Division, CMHC.

These costs are only part of the total. Ongoing operating and maintenance costs have yet to be added.

5. Operating Costs

Data on Regular and Demonstration homeowner expenses for property taxes, electricity, oil, gas, coal, wood and other fuels, water, and sewage pump-out are available from the client survey done for this evaluation, and estimated operating expenses for the rental projects are available from the project commitment forms. The key missing ingredient is the information on the homeowners' time spent in managing his unit. For this, secondary data sources will have to be used. The valuation of that time will be as discussed above, at 40 per cent of the rural wage rate.

The average operating expenditures for homeowners (taxes, heat, electricity, water and sewage pump out) is reported in Table 12.9, for remote and non-remote areas.

TABLE 12.9
ANNUAL RNH HOMEOWNER OPERATING EXPENDITURES
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REGULAR		DEMONSTRATION		F/T HAP
	REMOTE	NON-REMOTE	REMOTE	NON-REMOTE	N.W.T.
Tax payments (CMHC)	408	528	-	-	-
Tax payments (Occupant)	92	35	277	263	172
Electricity	1,181	1,168	1,152	1,336	1,345
Heating fuel	499	377	547	104	1,752
Water	169	91	70	26	299
Sewage pump-out	18	7	6	2	40

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

This data has to be adjusted in the following ways. First, there is little reason to believe that taxes for a serviced lot would be different between Regular homeowner units and demonstration units within one region (although they may vary between regions). Therefore the total of CMHC and client property tax payments for the Regular Homeowner program will be used for demonstration units as well. Second, since the assumption of a fully-serviced lot has been made, the occupant's expenditure for sewage pump-out and water payments should also be standardised between Regular and demonstration units.

This leaves electricity and heating fuel as the only variables. As argued previously, variances in these operating costs reflect variances in the quality of construction. The following data will be used in the final calculations of unit operating costs (Table 12.10).

TABLE 12.10
ADJUSTED ANNUAL RNH HOMEOWNER OPERATING EXPENDITURES
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REGULAR		DEMONSTRATION		F/T HAP
	REMOTE	NON-REMOTE	REMOTE	NON-REMOTE	N.W.T.
Property taxes	500	565	500	565	170
Electricity	1,180	1,170	1,150	1,335	1,345
Heating fuel	500	375	550	105	1,750
Water	170	90	170	90	300
Sewage pump-out	20	10	20	10	40
TOTAL	2,370	2,210	2,390	2,105	3,605

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

Estimates of the amount of time typically spent in managing a home can be obtained from the Statistics Canada "General Social Survey - Time Uses and Social Mobility Module". This survey was done in 1986 and captured information for 9,946 Canadians, ages 15 plus, on what they did, for how long, and with whom and where, for a 24-hour period. The data was averaged over a full seven-day week. According to this data, the average Canadian spent 4 minutes doing outdoor cleaning (sidewalks, garbage), 9 minutes doing home maintenance and repairs, 6 minutes doing miscellaneous work like taking care of bills, and one minute of domestic travel. These are the domestic chores that in a rental project would most likely be done by the paid management. The total, net of the time spent on maintenance and repairs which will be added later, is 11 minutes a day for each person over the age of 15. Assuming there are two such persons per household, this means that the average time required for household management each day is 22 minutes (even if there are fewer than 2 adults in the household, this work still has to be done). Over 365 days, this amounts to 134 hours. Applying our $5.00 as a measure of the cost of each hour, this means that the total labour component of household management is $670 per year.

On the rental side, data from the commitment files suggest that the costs of operating rental units net of maintenance and repair costs is as follows (Table 12.11):

TABLE 12.11
ANNUAL OPERATING EXPENDITURES
SINGLE-DETACHED, 3-BEDROOM RENTAL UNITS
BY AREA
($)

	REMOTE	NON-REMOTE	N.W.T.
Property taxes	480	570	170
Utilities	675	930	7,140
Administration	325	159	505
Janitorial	-	4	0
Professional fees	125	3	0
TOTAL	1,605	1,666	7,815

SOURCE: Program Delivery System (RNH86PR) and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
NOTE: Property taxes are as per the homeowner units.

As reported earlier in Chapter III, many RNH rental households had to make payments out of their own pockets for electricity, heating fuel, water and sewage pump-out. Table 12.12 gives the average expenditures for these households.

TABLE 12.12
RENTER - OUT-OF-POCKET OPERATING EXPENDITURES
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REMOTE	NON-REMOTE	N.W.T.
Electricity	951	686	149
Heating fuel	554	222	0
Water	66	30	27
Sewage pump-out	44	4	0
TOTAL	1,615	942	176

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

To the extent that tenants are making these out-of-pocket expenditures, they are spending their own time administering their unit, and a value should be given to this time. This is done by factoring the estimated value of homeowner administrative labour ($670) by the ratio of tenant out-of-pocket expenses to homeowner out-of-pocket expenses.

This ratio is approximately 942 divided by 2,210 in non-remote areas, 1,615 divided by 2,370 in remote areas and 176 divided by 3,605 in the Northwest Territories. This procedure gives a value of tenant administrative time in non-remote areas of $285, in remote areas of $455, and in the Northwest Territories of $35.

6. Maintenance Expenditures

An ideal measure of maintenance expenditures would be the amount required to ensure that the building would last forever. One way to estimate this amount is to add the inspector estimates of repair costs, which is a measure of deferred maintenance, to the level of annual repair expenditure incurred by the RNH Homeowner and RNH Rental managers.

As part of the evaluation, CMHC commissioned physical inspections of the units. An estimate of the costs of repairing the units was established by the inspectors. The total repair costs can be interpreted as the accumulation of deferred maintenance. If the relationship between the age of the dwelling and the level of repair costs were estimated, the result would be a measure of the annual amount of deferred maintenance. Regression analysis is used to do this, with the following results (Table 12.13) for the Regular Homeowner and Rental programs for remote and non-remote areas (see Appendix II for details).

TABLE 12.13
ESTIMATES OF DEFERRED[1] MAINTENANCE ON AN ANNUAL BASIS
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REMOTE	NON-REMOTE
Homeowner	488	284
Rental	221	146

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] Separate estimates could not be made for units in the Northwest Territories.

The next step is to estimate the amount of annual maintenance expenditures incurred by the occupants. With respect to owner maintenance habits, the survey done for the evaluation asked the occupant how much he spent on repairs and maintenance in 1988. The results are reported in Table 12.14.

TABLE 12.14
ESTIMATES OF HOMEOWNER ANNUAL REPAIR/MAINTENANCE EXPENDITURES
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	AMOUNT SPENT ON REPAIRS
Remote	628
Non-Remote	762

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

These figures only capture out-of-pocket expenses by the occupant. They also spent their own time maintaining the unit. Data from the General Social Survey discussed earlier show that each person over the age of 15 spends up to 9 minutes a day on home maintenance. Multiplying this by 2 for each adult in a two-adult household and by 365 for the number of days in the year and dividing by 60, yields an estimate of 110 hours a year spent on home maintenance. At $5.00 an hour, this gives an annual cost of $550.

The final step is to add the amount of expenditures incurred by CMHC in repairing vacated units. The total repair costs incurred by government for 675 homeowner units, reacquired in 1989, was $3.6 million, for an average repair cost of $5,354. As approximately 4.2 per cent of the stock is reacquired each year, this represents an expected annual repair cost of $224 per homeowner unit.

Totalling these out-of-pocket expenses and labour costs with estimates of deferred payments, yields the following estimates of required annual maintenance expenditures for homeowner units in remote and non-remote areas (Table 12.15).

TABLE 12.15
HOMEOWNER MAINTENANCE REQUIREMENTS
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REMOTE	NON-REMOTE
Labour	550	550
Deferred maintenance	488	284
Actual homeowner maintenance	628	762
CMHC maintenance	224	224
TOTAL MAINTENANCE	1,890	1,820

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

Similar data for the Demonstration program is not available due to the newness of the units. Therefore the above estimates will be used.

Planned maintenance expenditures for the rental units can be obtained from the project commitment files. The survey of RNH renters revealed that some had spent money on maintenance and repairs, thus supplementing government's efforts. These maintenance expenditures should also be accounted for in the estimation of the total costs of operating the RNH housing stock. Total rental maintenance expenditures are shown below (Table 12.16).

TABLE 12.16
RENTAL MAINTENANCE REQUIREMENTS
SINGLE-DETACHED, 3-BEDROOM UNITS
($)

	REMOTE	NON-REMOTE	N.W.T.
Deferred maintenance	221	146	0
Planned maintenance	550	486	2,200
Tenant maintenance	216	101	0
TOTAL MAINTENANCE	987	733	2,200

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

Also, as tenants are spending their own time maintaining their units, a value of their time should be added to the estimate of total rental maintenance costs. This is done by factoring the estimated value of homeowner maintenance labour ($550) by

the ratio of tenant out-of-pocket maintenance expenses to homeowner out-of-pocket maintenance expenses. This ratio is approximately 101 divided by 762 in non-remote areas, 216 divided by 628 in remote areas, and zero in the Northwest Territories. This procedure gives a value of tenant maintenance time in non-remote areas of $75 and in remote areas of $190.

7. Program Administrative Costs

There are administrative costs incurred by CMHC and the provinces which are not included in the project operating expenses. These include property administration inspections and appraisals, project administration, property management, and the share of administrative support costs attributable to these functions. Table 12.17 shows the 1989 administrative expenses for CMHC drawn from the information presented in the earlier chapter on the costs to government of the RNH programs.

TABLE 12.17
CMHC ANNUAL PROJECT ADMINISTRATION EXPENSES - 1989
($000'S)

ADMINISTRATION FUNCTION	PROGRAM		
	HOMEOWNER	RENTAL	DEMON-STRATION
Inspections	16.8	27.1	-
Appraisals	.5	.8	.1
Project administration	496.0	1,154.8	84.4
Property management	56.4	638.7	1.9
Administrative support[1]	30.8	32.3	-
TOTAL	600.5	1,853.7	86.4
No. of units administered	1,119	1,056	399
Administration costs per unit	536.6	1,755.4	216.0

SOURCE: Financial Planning Division, CMHC.
NOTE: [1] This is the estimated administrative support corporate administration, and other administration attributable to the above administration functions.

Most of the administrative expenses under the Homeowner program are related to the maintenance of the stock (through reacquisition and repair). Therefore, in order to maintain consistency in the treatment of maintenance costs of Regular homeowner units and demonstration units (owing to a lack of sufficient data on the Demonstration program), the data on maintenance requirements for the Regular homeowner clients

will be used for the Demonstration program (i.e. approximately $535 per unit per year).

8. Summary of Operating and Maintenance Costs

The operating costs for each program are summarised in Table 12.18.

TABLE 12.18
SUMMARY OF OPERATING EXPENDITURE ESTIMATES
FOR SINGLE-DETACHED, 3-BEDROOM UNITS
BUILT UNDER THE RNH PROGRAMS

	REMOTE	NON-REMOTE	N.W.T.
REGULAR HOMEOWNER			
Operating expenditures	2,370	2,210	N/A
Homeowner's time	670	670	N/A
Maintenance expenditures	1,340	1,270	N/A
Homeowner's time	550	550	N/A
Program administration	535	535	N/A
TOTAL	5,465	5,235	N/A
REGULAR RENTAL			
Operating expenditures	1,605	1,665	7,815
Tenant operating expenditures	1,615	940	175
Tenant's time	455	285	35
Maintenance expenditures	770	630	2,200
Tenant maintenance expenditures	215	100	0
Tenant's time	190	75	0
Program administration	1,755	1,755	1,755
TOTAL	6,605	5,450	11,980
DEMONSTRATION /F/T HAP			
Operating expenditures	2,390	2,105	3,605
Homeowner's time	670	670	670
Maintenance expenditures	1,340	1,270	2,200[1]
Homeowner's time	550	550	0
Program administration	535	535	535
TOTAL	5,485	5,130	7,010

SOURCE: RNH Physical Condition Survey and Client Survey, Program Evaluation Division, CMHC, 1989.

NOTE: [1] In the absence of HAP maintenance requirements, the maintenance expenditures for the Northwest Territories rental program will be used.

These are on an annual basis. In order to make them comparable to the capital cost, the operating costs should be discounted and summed over the life of the units. The process of discounting gives effect to the notion that costs incurred in later years have less value than costs incurred in earlier years. Treasury Board recommends a 10 per cent social discount rate. The present value of operating costs for the 3 programs, for the 10 per cent discount rate, is reported in Table 12.19, for a period of 25 years.

TABLE 12.19
PRESENT VALUE OF OPERATING EXPENDITURES FOR UNITS BUILT UNDER THE RNH PROGRAMS 10% DISCOUNT RATE

	REMOTE	NON-REMOTE	N.W.T.
Regular homeowner	49,605	47,520	N/A
Rental	59,955	49,470	108,740
Demonstration/F/T HAP	49,790	46,565	63,630

SOURCE: Program Evaluation Division, 1989.

C. Cost-Effectiveness Calculations

1. Regular RNH Programs and Demonstration Program

The information needed to calculate the cost-effectiveness of the various program components can now be assembled. It is shown in Table 12.20, for a 10 per cent discount rate.

According to this analysis, the Demonstration program provides the most services for the least amount of resources. The Regular Homeowner program ranks next, with the Rental program ranking last. The difference between the Regular Homeowner and Rental programs is narrow, especially in non-remote areas.

TABLE 12.20
COST-EFFECTIVENESS OF RNH PROGRAMS
SINGLE-DETACHED, 3-BEDROOM UNITS
(10 PER CENT DISCOUNT RATE)
($)

	CAPITAL COSTS	P.V. OF OPERATING COSTS	TOTAL
REMOTE			
Homeowner[1]	88,495	49,605	138,100
Rental	88,495	59,955	148,450
Demonstration[2]	63,365	49,790	113,155
NON-REMOTE			
Homeowner[1]	74,155	47,520	121,675
Rental	74,155	49,470	123,625
Demonstration[2]	55,790	46,565	102,355
NORTHWEST TERRITORIES			
Rental	122,900	108,740	231,640
F/T HAP[2]	102,025	63,630	165,655

SOURCE: Program Evaluation Division, CMHC.

NOTES: [1] $5.00 per hour is imputed to time spent by the homeowner in operating his unit. Lower values, such as zero, would reinforce the cost-effectiveness of homeownership tenure, while higher values could make homeownership tenure less cost-effective.

[2] $5.00 per hour is imputed to time spent by the homeowner in building and operating Demonstration units. Lower values, such as zero, would reinforce the cost-effectiveness of self-built and operated homes, while higher values could make self-built and operated homes less cost-effective.

2. Manufactured Housing

As noted in the introduction to this section, another alternative to site-built housing is manufactured housing. The purported advantages of this approach are lower costs than on-site construction and a higher quality of construction.

Two distinct types of manufactured housing can be identified. The first is a mobile home which is assembled in the factory and shipped "whole" to the site. The second is a kit in which the component parts are manufactured in the factory and assembled "on-site". The former approach would seem to be appropriate for accessible rural areas, while the latter approach would seem to be appropriate for remote sites.

CMHC insures mortgages for mobile homes. The insured cost for 2, 3, and 4-bedroom units for areas outside of major metropolitan and urban centres is reported below (Table 12.21) for 1986 through 1989. These costs include transportation costs, but not land costs.

TABLE 12.21
CAPITAL COST FOR NHA INSURED MOBILE HOMES
($)

BEDROOMS	1986	1987	1988	1989	AVERAGE OF ALL YEARS
2	39,761	41,137	41,880	45,836	43,424
3	44,416	58,415	62,627	49,111	54,225
4	45,644	47,819	67,175	59,329	59,221

SOURCE: Statistical Services Division, CMHC.

Taking the average costs of a 3-bedroom unit ($54,000) adding an amount for serviced land ($7,785) and for a full foundation ($10,000)[1] gives a total of $71,785. This compares with the capital costs for professionally built houses of $76,655.

The other approach is a housing kit, manufactured at an off-site factory, transported to the site, assembled on a foundation and connected to water, sewer and electrical services. It is estimated that the price of a 1,000 square

[1] The cost of a full foundation is based on one experience in Northern Ontario. It should be noted that only about 50 per cent of post-1985 Regular RNH units had full basements and only about 44 per cent of demonstration units had full basements.

foot single-detached dwelling in a remote area would be $76,550 as follows:

Foundation	10,000
Transportation[1]	8,300
Kit	47,000
Labour (on-site)	4,000
Land (serviced)	7,250
Total	76,550

This compares favourably with the construction costs in remote areas under the Regular Homeowner program of $90,995. The industry claims that operating and maintenance costs are similar to, or lower than those for on-site construction because of the higher quality of the units.

There were a few examples of client assembly of building kits in the Demonstration program, but not enough to draw statistically valid conclusions about the cost-effectiveness of this approach. Therefore, the alternatives of using manufactured housing, with either client or professional assembly, should be more rigorously investigated in the future.

3. The Existing Housing Stock

The analysis of using the existing housing stock through a rent supplement type of program is presented here. Under this approach, a client is moved to a dwelling which the owner is willing to rent. The private landlord operates and maintains the unit. Virtually all the costs are reflected in the rents charged by the owner of the unit.

Some information was presented in Chapter IV on rents in rural and remote areas. However there is no information available on the types of units that one could obtain for these rents. Hence their size or layout or condition is not known. A better source of data, therefore, is the Survey of Household Income, Facilities and Equipment (HIFE) done by Statistics Canada in 1988. The drawback of using these data is that they cannot be disaggregated into rural and remote areas.

In order to control for the quality of the unit, only information for units not in need of major repairs will be

---

[1] The transportation costs of $8,300 was taken from a "kit" project in remote Saskatchewan, where the kit was brought in by helicopter. It is probably higher than the expected average transportation costs of housing kits to remote areas.

used (there are 1,105 observations in this category, representing approximately 180,000 dwellings). Average rents for rural units are presented in Table 12.22, by building type and number of bedrooms.

TABLE 12.22
SUMMARY OF INFORMATION ON THE
RURAL PRIVATE RENTAL MARKET
($)

DWELLING TYPE	AVERAGE RENT	NO. OF UNITS
SINGLE-DETACHED	3,833	103,603
0 bedrooms	2,468	829
1-2 bedrooms	3,530	34,810
3 bedrooms	4,003	46,724
4+ bedrooms	4,012	21,238
OTHER	3,411	74,675
0 bedrooms	2,424	3,061
1-2 bedrooms	3,313	56,753
3 bedrooms	3,979	12,545
4+ bedrooms	4,329	2,165

SOURCE: HIFE, Statistics Canada, 1988.

The average rent, including utilities, for a single-detached, 3-bedroom unit in a rural area is $4,003 per year. The present value of $4,025 over 25 years at a 10 per cent social discount rate is $36,500.

D. Program Financing

There are at least three different approaches to program financing in evidence under the RNH programs. Each differs in terms of the complexity of the arrangement. Under the Homeownership program, CMHC and its provincial/territorial partners act as a financial intermediary, borrowing from their respective governments and lending to the homeowner client. The client makes monthly payments based on income, and payment levels are reset each year. Under the Demonstration program, CMHC receives budgetary funds from the federal government which in turn are lent to the clients under the terms of a forgivable mortgage. The client makes no payments at all. Under the Rental program, the federal, provincial and territorial governments lend money to CMHC and its provincial/territorial partners respectively to invest in projects. CMHC and its partners collect rents from the tenants based on their income. A fourth approach would have the federal government give CMHC budgetary funds and then CMHC

grant the money to the clients. The clients wouldn't make any repayments to CMHC.

There are advantages to all four approaches. A mortgage agreement allows CMHC and its partners the right of first refusal if the client tries to sell the unit. A repayable mortgage in which payments are adjusted to income allows the subsidy to vary as income varies (up or down). If income rises far enough, there may be no further need for a subsidy. It also allows the subsidy to be set lower for higher-income households, thus eliminating a "threshold" effect between those eligible and ineligible for program benefits. The rental arrangement gives CMHC and its partners complete control over the use of the unit (whereas it loses control of ownership units once the mortgage is repaid). The grant approach is quick and easy to administer.

Table 12.23 gives an estimate, on a per unit basis, of the magnitude of costs of those various administrative functions for CMHC only, while Table 12.24 gives a present value of the magnitude of these costs.

TABLE 12.23
MORTGAGE/SUBSIDY PROCESSING AND ADMINISTRATION COSTS PER UNIT - CMHC
1989
($)

	POST-1985		
	HOMEOWNER (SEC. 57, 79, 92)	**RENTAL (SEC. 79, 92)**	**DEMONSTRATION (PART IX)**
LOAN PROCESSING			
Total	8,327	6,090	7,125
MORTGAGE ADMINISTRATION			
General	34	54	
Remittance	-	-	
Mortgage admin.	-	-	
Tax admin.	17	-	
Bookkeeping	92	28	
Arrears	110	42	17
Subsidy admin.	65	1	
Operating agreement	3	73	
Total	254	174	0

SOURCE: Financial Planning Division, CMHC.
NOTE: N/A: Not applicable - loan processing costs for pre-1986 commitments are for recycled units.

The tables show that there are substantial additional costs incurred as a result of increasing the complexity of the financial arrangement. Loan/subsidy processing costs for the Regular Homeowner program are higher than that of the Demonstration program. The costs of providing a grant would be much lower than that of a mortgage. There are also ongoing mortgage administration costs for the Regular Homeowner program which are not incurred under the Demonstration program. These costs are also higher than the ongoing rental mortgage administration costs. There would be no administration costs for a grant. The benefits of increasing the complexity of the financing arrangement should be weighed against these costs in future program designs.

TABLE 12.24
PRESENT VALUE OF MORTGAGE/SUBSIDY PROCESSING AND ADMINISTRATION COSTS PER UNIT - CMHC
($)

	POST-1985		
	HOMEOWNER (SEC. 57, 79, 92)	**RENTAL (SEC. 79, 92)**	**DEMONSTRATION (PART IX)**
Loan processing	8,327	6,090	7,125
Mortgage admin.	2,305	1,579	0
Total	10,632	7,669	7,125

SOURCE: Financial Planning Division, CMHC.

E. Summary

This chapter has examined the cost-effectiveness and the subsidy budget distributions of the Regular RNH programs compared to the alternatives.

In order to comprehend the results with respect to cost-effectiveness, it is perhaps best to develop a hypothetical scenario faced by a program manager in the delivery of the program. Suppose he is faced with providing housing to a low-income household which has been identified as having a housing problem. The first question the program manager should ask is what is the nature of the housing problem? There are three basic possibilities:

- affordability: housing costs exceed 30 per cent of income;
- adequacy: the house needs major repairs or lacks essential services; and

- suitability: the house is crowded.

If the household occupies a unit requiring repair, the program manager has a choice between building a new unit or repairing the existing unit. Previous evaluation studies have demonstrated that rehabilitation of the existing unit is usually more cost-effective than new construction, for units that are not beyond repair. Moving the household to a new unit, financed under the RNH program, would be uneconomic.

If the household has a pure affordability problem, the program manager can offer assistance under the Regular RNH Homeowner or Rental programs. If the household owns its unit, this means that either the household has to be moved to a new unit developed under these programs or that the program manager has to remortgage the existing unit under the terms of the ownership program. If the household occupies a rental dwelling, the only option is to move to a new RNH unit.

The cost-effectiveness analysis conducted above has demonstrated that a rent supplement type of program, whereby assistance is provided to the household in their existing unit, is a more cost-effective alternative for a pure affordability problem. However, as with all cost-effectiveness analyses, assumptions used are critical. In this case, it was assumed that rents and operating costs follow general price levels. If any of these assumptions are altered, the conclusions could be quite different. Notwithstanding, since rent supplements may be more cost-effective in some circumstances, the current policy which does not provide such assistance in rural areas may be inappropriate. Therefore, expansion of program options in this regard would likely improve the overall cost-effectiveness of the RNH programs.

If the household occupies a unit that is beyond repair, the program manager currently has two options:

- have a new unit built under the Regular RNH programs, and move the household to that unit; and

- if units are available on the market, purchase a unit under the Regular RNH programs, and move the household to that unit.

The cost-effectiveness analysis suggests that, if units are available into which the households can be moved, this strategy is more cost-effective than new construction. Currently, the program manager does not have the option under the RNH programs of moving the household to an existing private rental unit. Expanding his options in this regard would potentially improve the cost-effectiveness of the programs.

If no units are available into which the household may be moved, the program manager can arrange for the professional, on-site construction of a new rental or homeownership unit. The results of the analysis done in this chapter suggest that there are less expensive ways to producing housing than this traditional approach. The use of volunteer labour reduces construction costs mostly because the value of the donated time is lower than the cost of professional construction workers. Manufactured housing, with assembly on-site or at the factory, was also found to be less expensive, although more data is warranted to verify this finding. While there was no comparable analysis done for the Rental programs, there is no apparent reason why these conclusions would not apply to the construction of a rental unit also.

Other opportunities to improve the cost-effectiveness of the programs were uncovered in this chapter as well. For example, the operation of units under the Demonstration program was less costly than the Regular RNH programs. The main reason for this was the use of a forgivable mortgage rather than the provision of a mortgage payment subsidy based on income. While this result was derived from an analysis of ownership programs only, it would extend to the rental programs as well.

With respect to tenure, the analysis also suggests that the ownership options are more cost-effective than the rental tenures (this conclusion is based on the comparison of the cost-effectiveness of the Regular Homeowner and Rental programs, for which the construction techniques are similar but management techniques are different). The analysis was conducted for new units only, but by extension, the results apply to existing units as well. The principal reason for this result appears to be that the owner's operating and maintaining the unit is less "expensive" than professional managers, operating from a distance, performing these functions.

This section has used the costs of producing and operating a three-bedroom single-detached unit as the measure of cost-effectiveness. The output is tangible and relates closely with the objectives of the RNH programs. The costs are directly related to the construction of the unit. Nevertheless, there may be other costs and benefits accruing to either the occupants or to others which are a consequence of the construction of the unit. An example of an indirect benefit would be the skills acquired by the volunteer labourers in building the Demonstration units, leading to an improvement in their employment opportunities and productivity. Another would be occupancy of the units reducing the incidence of desease and health care costs. Examples of indirect cost would be the provision of low-income housing incurring the resentment of neighbours and leading to lower property values. These indirect costs and benefits have not been included in this cost-effectiveness analysis.

However, indicators of the existence of such indirect costs and benefits are noted throughout the report. Further, the final chapter brings together the results of this chapter on cost-effectiveness and the indicators of the indirect impacts of the programs to provide a comprehensive and balanced evaluation of the RNH programs.

XIII SUMMARY AND IMPLICATIONS OF THE RNH EVALUATION

This evaluation study has analysed the current performance of the RNH programs in terms of the relevance of the assistance, how well clients and communities have been served, and the factors associated with the achievement of these results. A major finding is that there remains a large number of households in need of social housing assistance in the rural areas of Canada, even though in absolute and relative terms the need has declined since 1981. Therefore, further discussion of the rationale for continuation of the RNH programs is not warranted. However, other evaluation findings do warrant further discussion, in so far as there are areas where assistance could be designed and/or delivered more effectively and efficiently. Ten areas are addressed in this chapter. They are:

- The Application of the Social Housing Standards to Rural Areas;
- Lessons from the Demonstration Program: Self-Help and Volunteer Labour;
- Lessons from the Demonstration Program: Construction Grants versus Loan Repayment and Operating Subsidies;
- Delivery and Portfolio Management;
- The Potential for a "Rent Supplement" Type of Assistance in Rural Areas;
- The Streaming of Clients into Different Tenure Options;
- Targeting to Natives;
- Economic Development;
- Arrears and Unit Deterioration; and
- Training and Counselling.

A. The Application of the Social Housing Standards to Rural Areas

When the Federal Cabinet renewed its support for the Rural and Native Housing programs in 1985, its stated objective was that the RNH programs, along with the other Social Housing programs, assist households in need, who cannot obtain affordable, suitable, and adequate shelter on the private market. A household in need was one defined as having an income too low to be able to afford suitable and adequate housing and occupying an unsuitable or substandard dwelling or currently paying over 30 per cent of income for shelter.

When CMHC negotiated the social housing agreements with the provincial governments in 1986, it was agreed that the programs should be targeted to core need households, and that the units provided under the programs should be affordable, suitable, and adequate. That is, the objectives of the Rural and Native Housing programs were to take households out of core need. This evaluation has demonstrated that these objectives have not been achieved, both for units built before 1986 and for units built after 1985. In more than 50 per cent of the cases, RNH households with incomes lower than the income thresholds have an affordability, suitability or adequacy problem.

Major reasons for this failure are the design and delivery of the programs. RNH households are likely to have affordability problems because the Regular Homeowner program does not subsidise all operating costs and the Rental program does not subsidise electricity costs for non-heating purposes or fails to adequately reimburse clients paying their own heating costs. Clients are being selected for homeownership tenure when they cannot afford all the related costs, according to the 30 per cent of income standard established for the programs. RNH homeownership units may deteriorate prematurely because the responsibility for maintenance and repair of the unit is left to the homeowner. While adequate housing is initially provided in most cases (design and construction being found to be a problem in 16.5 per cent of the units), 12.0 per cent of homeowner clients maintain their dwellings poorly, with the consequence that the units deteriorate to the point of being a potential health and safety hazard to the occupants. Demonstration units are being constructed without water or sewage facilities, in areas where such services are not, or cannot be provided. Crowding standards are used to identify households in need, but guidelines do not require these standards to be applied in designing the units provided under the program. Further there is no provision for adding bedrooms as the household changes in size or composition. Lastly, the design of the Emergency Repair Program does not ensure that clients are provided suitable, adequate or affordable housing.

Nevertheless, the RNH programs have greatly improved the condition of the housing occupied by core need households, especially after initial occupancy, before the units begin to deteriorate. They have not reduced suitability problems very much, although this may be due to changes in household size, after initial occupancy rather than to unsuitable housing being provided in the first instance. The programs have had little positive impact on affordability, however.

There are two potential responses to the observations that the RNH programs are not providing suitable, adequate, and affordable housing to all the clients. The first is to adopt a program strategy which ensures achievement of the three

stated objectives. This could be better accomplished if clients needing replacement accommodation were placed in units which were professionally operated and maintained, and all shelter costs above 30 per cent of income were subsidised. Households would have to be provided accommodation suitable to their size and composition, not only at initial occupancy, but throughout their lifecycle. This strategy would provide more assistance to individual households but lead to fewer being served within the available budget.

The second potential response is to reduce the number of objectives being achieved and/or lower the standards implied by the stated objectives. The current program package, as presently designed and delivered, is a variant of this approach, although it does not satisfy equity criteria since clients are treated differently depending on which program they enter. A variety of other options exist, ranging from providing "shell housing", addressing emergency repair problems only, addressing crowding problems "in situ", and/or providing a partial rather than a total subsidy to address affordability problems. All of these options would result in less assistance being provided to each client, but more clients being served within the available budget.

The choice between these two potential responses is dependent upon the rationale for suitability, adequacy, and affordability as measures of housing problems and housing solutions. They exist more by political consensus as to what people ought to have than by scientific evidence of critical thresholds below which the occupant is in peril. As such, affordability, suitability, and adequacy standards define national housing goals and they are used in the measurement of progress in achieving these goals. Their application defines the size of the target population for assistance. Their enforcement also ensures equity of treatment under the programs for all beneficiaries regardless of their location in Canada. Thus if 30 per cent of income is set as the standard payment, then all households of similar size and of equal income pay the same amount while lower-income households pay less and higher-income households pay more. Similarly, households of similar size should receive a housing unit of similar size, and all households should receive units having the same facilities and being in similar condition.

Can society afford to support these standards under the social housing programs in general, and under the RNH programs in particular? What are the trade-offs? The cost of removing all of the RNH households from core need is documented in this report. They total approximately $293M, as follows. Roughly $17M is needed to repair the existing stock, and about $59M is needed to eliminate crowding problems. Expenditures to compensate for annual deferred maintenance is estimated to be $5.0M for RNH homeowner units (with a present value of about $58M) and $.7M for rental and lease-purchase units (present

value of $8M) based on the per unit costs presented in Table 12.13, factored up according to the representation of owner and renter units within the total stock. About thirteen million dollars per year is needed to eliminate the affordability problem. On a present value basis, this equals approximately $151M (at a 12 per cent discount rate and assuming 5 per cent inflation).

The 1989 RNH subsidy and administration budget is $320M in present value terms. This was composed of 584 homeowner units at roughly $80,000 each and 1,543 rental units at roughly $178,000 each (as derived in Tables 11.13 and 11.24). Thus in order to pay for bringing the existing stock up to standard and to keep it at that standard, almost the entire budget for one program year would have to be sacrificed.

The present value costs of a completely suitable, adequate, and affordable unit is approximated by the per unit subsidy costs of a rental unit (i.e. $178,000). Thus to achieve the affordability, suitability, and adequacy standards within the program budget of $320M (in present value terms), the number of units provided annually would have to be reduced from 2,127 to 1,807, a loss of about 320 units.

A legitimate question is whether the increase in client satisfaction is likely to justify the reduction in the number that could be served each year. With respect to current clients, there is no apparent difference in satisfaction levels between those clients with and without suitability problems. However, clients with affordability and adequacy problems tend to be less satisfied. Hence increases in the standard of housing provided under the program would tend to result in marginal increases in client satisfaction levels.

However, the increase in satisfaction levels for those who become clients is sizable. There is a clear difference in satisfaction levels between those in the Regular RNH stock and those in ERP units, for example. An even larger difference in satisfaction levels could be anticipated between those core need households living in the rural housing stock and those living in RNH units. The point is, if client welfare is to be maximised, that it would appear to be better to spread the available budget as far as it will go to serve more new clients rather than concentrate it on existing clients and on the few households who could join the program each year.

Another issue is whether strict adherence to the standards might restrict participation in the program. For example, strict adherence to the adequacy standards could prevent delivery of the program in areas where municipalities do not provide water or collect sewage, and where soil conditions do not permit wells or septic tanks. The evaluation has also noted that ERP clients have essentially the same social and economic characteristics as Regular RNH clients. The main

difference lies in their having fewer affordability problems and more adequacy problems than the Regular clients. A reasonable supposition is that the ERP clients either did not wish to assume the financial responsibilities of the Regular RNH program or did not wish to leave their current home or neighbourhood, or both (another obvious possibility is that they had no choice in the matter since there may not have been enough Regular RNH units available). The strict imposition of affordability, suitability, or adequacy standards would preclude the provision of ERP assistance, with the likely result that future clients with the same attitudes as the current ERP clients, would not participate at all in the RNH programs.

Therefore a fundamental choice will have to be made as a precursor to future RNH policy development. On the one hand, consideration could be given to relaxing the standards of suitability, adequacy, and affordability and so serving more households in need. There is a host of options (some of which were outlined earlier) which could be adopted to realise this approach. On the other hand, more resources could be directed to both existing and new clients so that suitable, adequate, and affordable housing can be provided. Programs which only achieve these goals partly could be substantially redesigned or eliminated (e.g. the ERP). The result of this choice is fewer households in need being served.

B. Lessons from the Demonstration Program: Self-Help and Volunteer Labour

In 1985, the Federal Cabinet directed that a self-help approach to the construction of RNH units be implemented in place of the Regular Homeownership and Rental programs, if it is found to be viable. Therefore one of the key decisions that will have to be made during the RNH policy development process is whether the self-help approach to the construction and operation of the units should replace the Regular Rental and Homeownership programs, or whether it should simply complement these programs or not be used at all.

The section of this evaluation on the cost-effectiveness of the alternative approaches demonstrates that the self-help approach to construction and operation of RNH units requires fewer of society's scarce resources than does the Regular Homeowner and Rental programs. The chief reason for the lower costs of the self-help approach is that the value of volunteer labour is lower than that of professional labour, even taking into account the likely longer construction period, the cost of a paid construction manager, and the possible lower quality of construction.

The Demonstration program fared well in other aspects. Demonstration clients were very satisfied with their dwellings and with the various aspects of their dwellings, such as

location, living space, design and storage space. The comparisons in this regard with the Regular programs were favourable, as were comparisons with respect to the client's perception of whether their housing conditions had been improved. Involvement in the design and construction of the dwelling had a strong statistical relationship with client satisfaction, even after taking all other factors into account.

Demonstration units are more likely to lack basic facilities and to require repairs than the Regular RNH units, however. The lack of basic facilities is likely due to the communities in which they are located not providing these facilities, while the need for repairs is possibly due to three factors - incomplete units, poorly constructed units, and/or premature deterioration due to poor maintenance practices. The evaluation did not determine which was the key factor.

The concern over the quality of housing provided through the self-help method is partially addressed by the findings that virtually all of the clients were involved in the construction of the units. The evaluation found a strong negative relationship between involvement in design and construction and the cost of repairs. Demonstration clients were more likely to say that they knew how to make repairs than were Regular RNH homeowner clients. Demonstration clients were also more likely to acknowledge their responsibility for doing major repairs than were Regular RNH homeowner clients. Analysis has shown that this type of awareness is a positive influence on dwelling condition. However, 8 per cent of demonstration clients were rated as having poor maintenance practices, which was only slightly lower than the percentage of post-1985 Regular homeowner clients rated as having poor maintenance practices. Further, these figures compare unfavourably to the 3.6 per cent of post-1985 rental units for which maintenance practices were considered to be poor. These observations are based on a short period of occupancy, and may have to be reviewed over time as the true maintenance practices of demonstration clients become more apparent.

Another concern is its potential to serve households in which the members may not have the physical ability or time to build their own units, such as the elderly, singles, households with disabled members, single-parent families, and households with full-time workers. The RNH Demonstration program served singles as well as the Regular Homeowner program but not as well as the Rental program. The likely reasons for the Rental program superiority, with respect to singles, is the predominance of elderly households. It served single parents as well as the Rental program. In terms of the physical abilities of household members, almost 16 per cent of demonstration households had a disabled member, compared to 22 per cent of Regular homeowner households and 15 per cent of rental clients. Only 33 per cent of demonstration households

had full-time workers compared to 52 per cent of Regular homeowners. On the other hand, 82 per cent of HAP households had full-time workers. These findings suggest that physical ability and time are not generally, constraints to self-help or volunteer construction, although in some specific circumstances they may be.

This analysis strongly suggests that the self-help approach to the construction and operation of RNH units is a viable approach. One issue which requires resolution is how to address repair need due to incomplete or poorly constructed units. A question which could not be definitively answered by the evaluation, but which should be addressed if this approach is to be adopted, is whether a high percentage of self-built units will require major repairs as they age due to poor maintenance practices.

C. Lessons from the Demonstration Program: Construction Grants Versus Loan Repayment and Operating Subsidies

In 1985, the Federal Cabinet directed that an approach, whereby self-constructed units financed with grants or forgivable loans replace the Regular RNH programs, if this is found to be viable. There are substantial costs associated with the administration of mortgage and operating subsidy programs. But program options are in place which offer significant cost savings in this regard. The analysis of the cost-effectiveness of the Demonstration program showed that it has a lower administration cost compared to the Regular programs, due chiefly to the provision of a forgivable loan rather than a subsidised mortgage. The forgivable loan covered most of the cost of construction, with the client assuming responsibility for operating and maintenance costs. Thus, much of the cost, associated with administering a mortgage which is subsidised according to the income of the client, is eliminated. This includes conducting annual income reviews, renegotiating the mortgage at the end of every term, collecting payments, managing the mortgage account, paying property taxes and dealing with arrears problems. If savings could be made on these administration costs, they could be transformed into more clients served.

The benefits of a grant or forgivable loan for the client, include not having mortgage payments to make each month. Their shelter costs arise entirely due to the operation of the unit - heat, electricity and so on. This means both lower shelter costs and no administration burden. As a result, clients under the Demonstration program are less likely to have affordability problems than clients under the Regular RNH programs, as shown in Chapter III.

Another benefit for the client is that any increase in income is not followed by an automatic increase in the shelter costs (this may have a positive effect on work effort). The

disadvantage of front-end funding is that a reduction in income could create affordability difficulties, since shelter costs would not fall in tandem.

A benefit for government of front-end funding is greater budget flexibility. The budget for any one year can be increased or decreased by doing more or fewer units. Under the Regular RNH programs, budgetary funds are committed for 25 years. Hence in any one year, the program budget is mostly composed of subsidies being paid on units committed in prior years, and government has little chance to reduce these expenditures in the short term.

One concern with a construction grant, is the program's ability to serve very low-income households, who then might not be able to afford the operating costs. This is evidenced by the average incomes of Demonstration program clients being above the average incomes of rental clients even after controlling for household size. This may have been due to the subsidisation of operating costs under the Rental program, thus allowing lower-income households to participate. Of course, if an operating subsidy were to be offered to recipients of the construction grant, the savings in administration cost would be largely eroded.

A concern with providing a grant rather than a subsidised mortgage, is the possible negative community reaction. However it was found, based on the views of community representatives, in areas where RNH Demonstration housing has been constructed, that there was an equivalent level of awareness and acceptance of the provision of government housing as there was in municipalities with other forms of RNH assistance. Hence the concern that there would be less community acceptance, in general, of a program with no repayment requirements, is not supported by the evaluation results, although there may be specific areas where this is so.

The provision of a large grant, such as under the Demonstration program, violates the equity principles that assistance should vary according to the need of the client and his ability to pay. This is true both initially, and subsequently, if there are changes in the client's income. This was illustrated in the section on the distribution of the subsidy budget in Chapter X, where it was shown that Demonstration clients in the higher-income brackets, received a similar grant to those in lower-income brackets, while higher-income clients in the Regular RNH Homeowner program received less subsidy than lower-income clients. Further there would be a large difference in benefits between those eligible for the program and those not eligible (the so-called threshold effect). This may introduce strong short-term disincentives to work, in order to become eligible for program benefits.

With a rent-to-income scheme, there is an incentive for rental clients with rising incomes to seek alternative accommodation if their rents exceed market rent. Their unit then becomes available to a new core need household. This cannot happen if assistance is provided up front and therefore is unrelated to subsequent changes in client incomes. Thus the form of financing also has implications for the long-term targeting of assistance. Supporting evidence from the evaluation shows that homeowners in units committed after 1985 have lower average income-to-CNIT ratios than all RNH homeowners, while the average income-to-CNIT ratios of post-1985 renters is similar to that of all RNH renters.

A problem could arise if front-end grants were introduced as the principal form of financing for the RNH programs, in that existing clients, making payments on a rent-to-income basis might be resentful and might withhold their payments. This would most likely occur if the Demonstration type units were offered in communities where existing RNH units were located, although it could happen anywhere. Unfortunately, it is impossible to gauge the extent of such resentment, because of the deliberate decision by CMHC to ensure that Demonstration units were allocated to areas where Regular RNH units did not exist. Strategies would have to be developed to overcome this problem, such as writing-off the debt for existing clients or relegating the front-end financing to areas where few existing RNH units exist, for example in remote areas.

To conclude, the economic gains to be made, from reducing many of the program administration requirements related to administration of mortgages and subsidies, are substantial. However, there are many other pros and cons of a social nature which should also be considered thoroughly before any decision is made to introduce a program relying exclusively on front-end grants.

D. Delivery and Portfolio Management

The RNH delivery and portfolio management process can be characterised as being centrally controlled. After units have been allocated to planning areas, on the basis of the distribution of housing needs, the RNH Tripartite Management Committees select communities within the planning areas and the delivery agents seek community support and identify eligible clients. The applicants, with the assistance of the delivery agents, submit their applications to receive assistance. The successful clients are selected, by CMHC or its provincial/territorial partners, from the list of applicants and a determination is made which form of tenure is most appropriate for them. CMHC or its provincial/territorial partner develops the homeowner units and sells them to the client. If rental accommodation is recommended, a rental project is developed. Subsequent to the construction phase, government administers the homeowner mortgages while under the

Rental program, it operates the units. There is little local involvement, although local people may be hired to manage the projects. These RNH program delivery and management arrangements have been considered to be appropriate for rural areas because there may be comparatively few organisations that would be able to sponsor a project proposal and manage a project to help the needy in their community.

The evaluation has found that the existing delivery system and portfolio management has been reasonably successful. The number of units delivered met the planned level of activity. Two-thirds of Delivery Groups, responding to the evaluation survey, felt they were somewhat to very effective in increasing local awareness. The chapter on RNH community features, reports that there was a high level of awareness and support, generally toward government-assisted housing at the community level. Further, the Delivery Groups rate themselves highly in attracting applicants who would match RNH client selection criteria.

On the other hand, the evaluation noted the low frequency with which clients recalled having been counselled. Also, only about 40 per cent of community representatives reported being aware of RNH information meetings being held within the last year, although this is consistent with such meetings being held only in communities where plans are being made to place some new units.

The evidence on the effectiveness of the centralised management of the rental stock is mixed. Arrears rates are almost as high as in the homeowner stock, but the rental stock has been generally well maintained.

With respect to the tenant counselling program, the percentage of clients reporting they have ever received counselling is low. Most recall having been counselled only once rather than the prescribed three times. However of those receiving counselling, almost 65 per cent thought it to be very useful.

Only 12 per cent of rental clients recalled a recent visit by a government official to verify their income. On the other hand, clients in arrears are more likely to recall having been recently visited by an official to discuss budgeting and payments than those not in arrears, showing that counselling is being focused on problem cases. This is a positive indicator. Further, 79 per cent of rental clients reported that their rental payment was reviewed or changed within the last 12 months, which suggests greater administrative effort than the clients' recollections regarding income verification, since the process of payment review requires an income review as well.

Almost 50 per cent of tenants reported that the condition of their dwelling was checked by government staff on an annual

basis. Also, the majority of tenants were satisfied with such property management practices as making repairs, providing security, and handling requests quickly. Satisfaction levels were significantly higher in non-remote than remote areas, however.

With respect to the Homeowner program, arrears rates are high. The percentage of RNH clients recalling ever having been counselled was low. Of those reporting having been counselled, less than 50 per cent agreed that the information was useful. There was not a strong desire on the part of homeowners to have more counselling on budgeting or home maintenance matters.

Only about 6 per cent of the RNH homeowners recall being visited within the last 12 months about budgeting and payments. However, those in arrears are more likely to recall having been recently visited than others. A very low percentage of homeowners, under 23 per cent, reported recently being visited by an official to verify income, although over 90 per cent said that they had their rents reviewed or adjusted recently, a process which requires verification of income.

The condition of the homeowner stock is poorer than the rental stock. While not a direct responsibility of government, provision has been made for providing advice to clients about the condition of their units and about how to do repairs. Almost 40 per cent of the RNH homeowners reported having been visited recently by a government official to check the condition of the house, 4 per cent to discuss home upkeep and 7 per cent to make or supervise repairs. However, those in units requiring large repair expenditures were only slightly more likely to report such visits than others.

Government staff were divided in their opinions about the suitability of the frequency of counselling and the timing of making contact with clients. Open-ended comments from provincial staff referred to the need for more staff, more counselling training among staff and more planning in deciding when and how counselling is to be undertaken. Comments from staff in some CMHC offices indicated that post-occupancy counselling was rarely completed, while another suggested the low level of counselling activity was because clients do not attend counselling workshops.

A review of the training requirements of the Native Delivery Groups supports the finding about weaknesses in RNH counselling. A number of different actors involved in the delivery of the programs remarked about the need for improving client counselling skills among these organisations.

One alternative to central program delivery and management is community-based delivery and management. This option ranges

from simply hiring local people to manage the rental stock to allowing local community groups to develop, own and manage the rental stock, such as is done in urban areas under the non-profit programs, and to select clients to assist in the development of units and to counsel clients for the homeowner program.

Community-based delivery systems already exist under the RNH programs. They have been put in place through a variety of funding mechanisms and institutional arrangements. Local Housing Associations and Authorities in the Northwest Territories, for example, have the responsibility of administering RNH rental housing directly funded under the terms of Management Agreements with the Northwest Territories Housing Corporation. They undertake the rental, maintenance, and repair of the units, as well as contribute to the planning and other operations-related tenant counselling duties required for program delivery. The evaluation rated the performance of the locally-based delivery and management system in the Northwest Territories fairly high. The number of rental clients reporting ever having received counselling on budgeting, making rent payments, and contents insurance was higher than the average. Frequency of counselling was also better in the Northwest Territories with more tenants reporting having been counselled on budgeting within the last year than the average. Tenants were more satisfied in the Northwest Territories than the average, with the property management practices of making repairs, providing security and handling requests quickly. However, the Northwest Territories rental housing stock is not in as good condition overall, as the total RNH rental stock.

In Nova Scotia, local community-based groups throughout the province help to deliver the RNH programs by selecting clients, assisting them with their applications, offering pre- and post-occupancy counselling and so on. The operations of these groups are financed under agency agreements with CMHC. In terms of the performance of this system, RNH homeowners in Nova Scotia were more likely to recall being counselled on such subjects as home maintenance, home repairs, budgeting, house payments and house insurance than elsewhere. Further, the percentage of RNH homeowners recently contacted by government staff, or agents for government, for such reasons as checking building condition, reviewing and adjusting payments, and verifying income, was higher in Nova Scotia than the average. Maintenance practices among Nova Scotia clients were generally better than elsewhere and only 13 per cent of the units were in arrears compared to 19 per cent in other non-remote areas. However, the frequency of counselling on home upkeep and budgeting and making payments was not as good as the average.

Another example of locally-based delivery is the Rural Home Assistance Program in Alberta, where the community must

establish a local housing association which selects the clients, purchases materials, organises community members to undertake construction, and supervises construction and coordination.

There are a number of local groups in various rural communities across the country which have used funds from the Project Development Fund program. These groups have used the PDF funds to assist in the development of RNH housing projects in their areas. Finally, almost nine per cent of the public housing portfolio lies in rural areas, managed by Local Housing Authorities. Local Housing Authorities also manage RNH rental projects, Saskatchewan being a case in point.

Chapter VI, however, documented instances of Native and community group involvement in the delivery and actual construction of RNH units which resulted in substantial cost overruns due to inexperience and poor monitoring and control. The amount of time required to supervise such groups and the long lead time required to develop them, suggest that the community-based approach can be costly. Further, developing community organisations adds another layer of bureaucracy and consideration might have to be given to reducing the role that the provincially-based delivery agents play if local groups were to be given responsibility for such activities as client selection, assisting in project development, and client counselling. Finally, the option of community ownership and management weakens government control of the stock.

To summarise, delivery and management of the portfolio has been reasonably successful, but needs to be improved in certain areas. Another approach is greater reliance on the community. Factors, which could bear on this decision, include the mixed results from past and current experiences with community-based delivery, and the potential cost of fostering community-based delivery in areas where it does not now exist.

E. The Potential for a "Rent Supplement" Type of Assistance in Rural Areas

Under current social housing policy, market conditions and needs determine the choice of programs used to serve the core need population. Thus, under the urban social housing programs, if vacancy rates are high, greater emphasis is placed on offering rent supplement assistance to core need households occupying private rental accommodation, while if vacancy rates are low, greater emphasis is placed on building non-profit housing for core need households. Under the Rural and Native Housing programs, all the programs are supply-oriented. The issue is whether a rent supplement type of assistance could have a role to play in rural areas too.

A comparison of the types of housing problems faced by core need households does suggest that there is a relatively greater need for new or improved housing in rural areas than urban. In urban areas, renovation and supply needs combined, account for 20 per cent of the total, while in rural areas they account for 48 per cent of the total. Nevertheless, complete reliance on supply side programs may be inappropriate. Half of the rural core need population (47 per cent of core need owners and 62 per cent of core need renters) has only an affordability problem. An "in situ" rent supplement type of assistance may be more appropriate for these households than constructing new dwellings.

There also appears to be some potential for using rent supplements in rural areas to improve the housing conditions of core need households. Households could be moved to vacant rental units, if those units were appropriate to the housing needs of the household. Twenty per cent of the stock is rental. In addition, the potential for renting vacant units could be increasing, due to an overall reduction in the rural population of 21 per cent between 1976 and 1986. In addition, in some areas, there has been an absolute decline in the rural household population. While there is no direct evidence of the impact of these population shifts on private rental vacancy rates in rural areas, almost twelve per cent of the rural public housing stock was vacant, for one month or more, over a twelve-month period, compared to an overall public housing long-term vacancy rate of 6.5 per cent. Further, over 4 per cent of RNH units become vacant each year with up to 3 per cent of the RNH stock being vacant at any one time.

The evaluation found that using a rent supplement type of program could be a more cost-effective approach than building new units. This is primarily due to the lower rents/costs of existing units. Current program guidelines allow the purchase of existing dwellings for rental or ownership, but not the use of a rent supplement type of assistance. Therefore, consideration could be given to introducing a rent supplement type of assistance in rural areas, to complement the other RNH programs.

F. The Streaming of Clients into Different Tenure Options

The RNH programs offer an array of tenure options. Homeownership assistance is offered to clients who have a constant/reliable income source and are capable of assuming all ongoing homeownership responsibilities (e.g. home maintenance and repair). The lease-purchase option is available for those who want homeownership, but who cannot immediately afford it, or who cannot immediately demonstrate homeownership skills. The rental option is available to all others, including those unable to afford ongoing homeownership responsibilities or demonstrate homeownership skills.

This streaming of clients into different program options, on the basis of their income, raises a number of issues, especially for rental clients, of whom 52 per cent would prefer to own. Why should a very low-income client not have the same homeownership privileges as a higher-income client? Alternatively, why not offer all clients only rental tenure? The following discussion attempts to outline some of the arguments for governments, providing either tenure form to its social housing clients.

To preface this discussion, it should be made clear that it focuses on the choice between individual ownership and rental in general. The choice among the various types of rental ownership (government, private, or non-profit) is covered in other sections of this chapter, in particular, the delivery and portfolio management section, which talks about some of the evaluation findings with respect to local involvement and the section on rural market conditions, which talks about some of the advantages of using private rental dwellings.

First, it could be argued that only rental accommodation should be offered because low-income households would not be able to participate in the program because they cannot afford the cost of home maintenance and operation. This does not appear to be a valid argument, as evidenced by the existence of heating subsidies and remedial repairs. That is, government can make home maintenance and operation, affordable through the provision of a subsidy. Alternatively, it could undertake to maintain or repair the units directly. In other words, the affordability problem should not be a constraint to ownership, in the context of a social housing program.

It could be argued that only government-owned rental tenure should be offered to low-income households, as this is the only way that government can ensure that they continue to occupy suitable, adequate, and affordable housing. This follows because government maintains and repairs the housing itself, it can relocate the household to a different unit in the stock as the household moves through its lifecycle, and it can ensure that fully-serviced accommodation is provided for the rent that is paid. But as demonstrated in this evaluation, the theory differs from the practice in rural areas. While RNH tenants are more likely than homeowners to not have affordability and adequacy problems, they are more likely to have suitability problems. Further, to the extent that there is a determination that clients continue to occupy suitable, adequate, and affordable housing, this can be done as well under a homeowner as under a rental program, as the existence of heating subsidies and remedial repairs will attest.

It could be argued that rental is a more effective way than ownership for government to ensure that funds continue to serve low-income households and Natives. This follows,

because government, as landlord, has long-term control over the selection of tenants. While no sale of a homeowner unit to a non-eligible household can occur without the Active Party's concurrence, no such control exists once the mortgage is repaid (or forgiveness earned). This same problem potentially exists for rental units owned by non-government organisations too, since they have complete control of the project once the subsidy agreement terminates. Hence, this argument in favour of rental tenure does hold, but only in limited circumstances.

There are numerous arguments favouring the provision of homeowner tenure to households in need, in rural areas. It could be argued that ownership should be provided because it is the predominant tenure in rural areas. This argument is premised on the notion of equity - that is ownership should be made available to low-income rural Canadians, because their neighbours are homeowners. But the fact is that not all rural households are owners (80 per cent are) and only 60 per cent of urban households are owners. Hence, the provision of ownership assistance confers a privilege that a significant portion of Canadians do not yet enjoy.

It might be argued that ownership should be provided in rural areas because it is the preferred tenure form there. However, surveys of Canadian attitudes show almost universal desire among Canadians to own a home, yet only rental tenure is offered under the urban social housing programs. Obviously, tenure preferences and experiences alone are not valid reasons for the provision of homeownership assistance to low-income Canadians.

Further not all rural core need households are at that stage in life where ownership responsibilities are usually undertaken. Only about 52 per cent are families. The balance are seniors and singles for whom rental accommodation might be more appropriate.

Homeownership assistance could be justified if the clients of the program were significantly more satisfied than under a rental tenure scheme. However, while the majority of RNH clients prefer to own, the type of tenure they are provided has no bearing either on their perceptions of improvement in housing situation or of their overall satisfaction.

Another reason put forward to justify the provision of rural homeownership assistance, is that the client assumes responsibility for the operation of the dwelling, and so becomes independent of government. Presumably this independence is valued by the client. A good test of the relationship between independence and client benefits is a comparison of satisfaction levels for clients under the Regular RNH programs versus the Demonstration and HAP programs, since the latter programs involve substantially less

government involvement in the lives of the clients. The survey responses show that satisfaction levels are no higher for clients of these programs than for clients of the Regular Homeowner and Rental programs (once length of occupancy and other factors are controlled).

Government is supposed to benefit from the provision of ownership because there is no long-term requirement to take care of the housing needs of the client. This lowers the subsidy cost of the program, relative to a program which provides rental tenure. The evidence collected here demonstrates that this is unfounded. Homeowner maintenance is not consistently satisfactory because not all members of the low-income rural population have the desire, skills or resources, necessary to maintain their homes independently. Almost nineteen per cent of the pre-1981 RNH homeowner units need major repairs. This compares to 5 per cent of the rental units built prior to 1981 being in need of major repairs. The evidence also suggests that increased homeowner client counselling has little positive impact on client perceptions or aptitudes with respect to home upkeep. Hence if government has a continuing concern for the condition of the RNH units, it seems likely that it would have to implement a program for remedial repairs, which if anything, implies a long-term involvement in the affairs of the client, just as is required under a Rental program.

It has also been argued, that ownership assistance could be allowed because weak rural housing markets preclude the possibility of a capital gain. This assumption can be questioned, however. According to the responses from community representatives, average sale prices for remote communities are approximately $55,000 and for non-remote communities are approximately $58,000. Depending on the financial arrangements, there is a clear opportunity for the client to make a gain (for example, if the house were financed with a grant rather than a mortgage).

On the other hand, it is the anticipation of capital gain which seems to provide much of the motive for the client to assume responsibility for the upkeep of the unit. Statistical analysis in the evaluation showed a strong and negative relationship between inspector estimates of repair cost and the belief that the dwelling has increased in value.

Finally, it has been demonstrated that occupant management (i.e. homeownership) may be more cost-effective than professional management (i.e. rental) because the value of time of the occupant is lower than that of the professional manager and because it may take less time to perform the necessary tasks. On the other hand, these findings were largely based on the occupant adequately maintaining the unit. If government perceives that occupant maintenance is not satisfactory, it could decide to maintain the units itself.

If this were to happen, the economic advantages of homeownership could be eroded or lost.

To summarise, the policy of streaming clients into different tenures, based on their ability to afford the payments and on their homeownership skills, needs to be reviewed given that 52 per cent of rental clients would prefer homeownership. A sound rationale is needed if the practice is to be retained. Otherwise, the alternative of offering only one tenure, be it homeowner or rental, should be considered. The choice between the two depends on the merits each has that government believes are more important to promote.

G. Targeting to Natives

The RNH program was introduced to meet Native demands that a separate program be available for rural Native households living in very poor housing conditions. The programs which were introduced were made available for both Natives and non-Natives, however. In 1982, government added the requirement that up to 50 per cent of RNH activity (the Regular RNH programs plus Urban Native) be targeted to Native households. Thirty-five per cent of the RNH portfolio built since 1985 and fifty-three per cent of the ERP stock are occupied by Natives. The issue now, is whether the level of priority for assistance under the RNH programs that is accorded to Natives, should be increased, decreased or remain the same.

It is apparent that, in 1981, Natives experienced some of the worst housing conditions in Canada. Of the 68,420 off-reserve Native households reported in that Census, 35 per cent were in core housing need. This compares to the 15 per cent of all Canadians who were in core housing need. In rural areas, of the 23,225 rural off-reserve Native households who were reported in the Census, 44 per cent were in core need. This compares to the 15 per cent of all rural Canadians in core need.

The sources of Native housing problems differed from the non-Native population as well. In urban areas, 65 per cent had an affordability problem, compared to 80 per cent overall. In rural areas, only 15 per cent had an affordability problem, compared to 53 per cent of the non-Native core need households. In other words, Native households were much more likely to occupy either crowded, unsafe or unhealthy accommodation, especially in rural areas, than their non-Native counterparts.

This evidence shows that the rationale for the Native targets is one of affirmative action. The objective of giving priority to Natives, is to gradually bring the proportion in need more in line with the proportion of non-Natives in need. Once this has been achieved, the need for a target could be reexamined. Unfortunately, there is no current data to assess

whether this objective has been achieved, and secondary lines of evidence have to be utilised to determine whether the targets are still valid. For example, a finding, that the Natives being served under the programs were not in as great a need as the non-Natives, would suggest that the housing situation of Natives was improving, relative to that of non-Natives. But according to the analysis of client characteristics in Chapter IV, this is not so. The average income is lower for Native clients than for non-Native clients, for all the programs except ERP. Further, the average income-to-CNIT ratios, a measure of real income which accounts for location and household size, was lower for the Natives served under the programs than for the non-Natives, again with the ERP being the exception. These findings suggest that the program principle of targeting on the basis of need is not being compromised, in order to achieve the Native targets and that the current level of 50 per cent is appropriate.

But this evidence is not definitive. One way of addressing this issue in the longer term is to conduct a special survey of rural housing needs, focusing on the type and severity of need and on the Native/non-Native background of the occupants. This information could then be used to determine if the share of Natives in need has been growing, declining, or remaining stable, relative to the share of non-Natives in need, so that a decision could be made about whether to increase, decrease or leave untouched the level of Native targets.

H. Economic Development

It has been suggested that increasing the housing construction skills of rural low-income households, who have fewer skills or are unemployed, could have long-term benefits. They could become more self-sufficient and the cost of construction in rural and remote areas might eventually become lower if the requisite skills were located there rather than having to be brought in.

The RNH program is one way through which developing a rural economic base has been tried. The main vehicle was the Project Development Funds program under which incorporation and operating expenses of a local housing group were reimbursed by a grant. A less obvious way has been the use of local labour to construct RNH buildings.

The same economic development objectives could be more directly addressed, by giving local rural construction companies, priority in the selection of a contractor to build RNH units (rather than selecting the contractor through a competitive bidding process), training and developing local rural construction companies, and/or by helping defray the supervisory expenses of a local rural construction company which hires unskilled workers.

There are three factors to be considered in the use of an existing social housing program to promote economic development goals. First, attempts to achieve economic development objectives, within a limited budget, can mean that attainment of the principal social housing objective suffers. Examples of this trade-off come from Chapter VI. Some housing groups have gone bankrupt and left many units at various stages of completion. Chapter VI also relates the experience of construction by local groups, in remote areas, which was halted because of a range of problems related either to higher cost or longer construction schedules than would otherwise be expected. Other examples of the trade-off of social for economic objectives are given.

Where economic objectives were achieved, it was noted that a great deal of supervision was required, while where these objectives were not achieved, the necessary supervision was missing. Such supervision entails a direct cost. The long run consequences are that less funding is available for the housing clients of the program - the low-income, rural and Native households in need of housing.

Chapter XII suggested that manufactured housing might be a more cost-effective approach to providing social housing than "contractor on-site stick-built" construction methods. However, before any sound conclusions may be reached regarding the cost-effectiveness of manufactured housing, further research must be undertaken. If manufactured housing were more cost-effective, then more units could be built, and more clients could be served, within the same budget. In that case, there would be a trade-off between the social housing objective of assisting low-income households (through providing manufactured housing units) and the objective of developing and supporting the local economy (through "contractor on-site stick-built" construction methods).

Another example of the trade-offs required between attaining economic development objectives and social housing objectives is in the area of self-help housing (e.g. the Demonstration program). If the promotion of economic development were to be adopted as an RNH program goal, then almost by definition, the clients would have no opportunity to become involved in the construction of their units. Professional construction companies would build them. The consequences are that the benefits of self-help, such as lower costs, greater client commitment to the units, and greater client knowledge about how to repair the unit, could not be achieved.

The second factor to consider, regarding using a social housing program as an economic development lever, is that the opportunities to use the construction and management skills that are so acquired may be limited, especially in rural Canada where there is an overall decline in population and very little household growth. This means that few new houses

are being built outside of the RNH program. Maintenance and renovation services will probably be in greater demand, however, which might serve as a way to employ the newly acquired skills.

The third factor to consider, is that there are other Federal and Provincial agencies, such as the Department of Industry, Science, and Technology, and Manpower and Immigration at the Federal level, which are positioned to deal with the issue of economic development. These agencies have the expertise to identify the more promising areas for skill development, and have been given the mandate and budget to promote economic development.

The factors identified above should be given serious consideration in decisions about whether the RNH programs should be used to further economic development objectives in the future.

I. Arrears and Unit Deterioration

Under the Regular RNH Homeowner program, the client is provided assistance to purchase a unit on the understanding that he bears responsibility for maintenance and repairs and honours his mortgage payment obligations. The evidence shows that many clients do not meet these commitments. Nineteen per cent of the pre-1981 stock is in need of major repairs, and 27 per cent of the clients are in arrears on their mortgage payments.

In response to these concerns, CMHC and its provincial/territorial partners have initiated client counselling programs. In addition, CMHC and some of its provincial partners have undertaken remedial repairs.

The analysis in Chapter VIII suggests that the variance in the cost of repairs of the RNH stock is largely unexplained. Only 23 per cent of the variance was statistically related to measures of client perceptions, aptitudes, resources, and the local environment. An implication is that the impacts of any policy, with respect to the condition of the existing stock, outside of direct government intervention to repair the units, are highly uncertain.

There are a number of factors related to the repair costs of the existing stock which cannot be easily changed. For example, a consequence of serving large households is that the units will tend to deteriorate more rapidly. Serving households in areas where it is not easy to get help with repairs also tends to exacerbate homeowner maintenance problems. The stock in remote areas is in poorer condition, perhaps because of a harsher environment. Even more obvious is the fact that the stock will fall into disrepair as it ages. The analysis also indicates that original dwelling

construction quality and design are significantly related to cost of repairs.

While it is evident from the analysis that, increasing the occupant's sense of responsibility for the maintenance of the unit will have a positive impact, how to do this is not clear. The current counselling efforts do not have any significant impact, according to analysis done in this evaluation.

The analysis does suggest that careful client selection may lead to improvements in the stock. Thus, those who are supportive of and have a knowledge of home upkeep, should be accepted for ownership over others. Those with employment income, as opposed to welfare income, seem to take better care of their dwellings. However the potential for improvement to the condition of the existing homeowner stock through this route is limited by the amount of client turnover that occurs. Also, it should be noted that such screening would tend to exclude those most in need.

With respect to the condition of new units which are added to the stock, the analysis suggests that client involvement in the construction of the unit will have a long-term impact on how well it is maintained. Further, steps should be taken to ensure that the client is satisfied with his dwelling, such as involving him in the design of the unit and the choice of location. Obviously, care should also be exercised in the construction of the unit, and any construction faults redressed through a warranty program or through post-occupancy and remedial repairs. A higher building standard would also tend to reduce the rate of deterioration.

Turning now to the homeowner arrears problem, a statistical analysis between the probability of a RNH homeowner being in arrears and factors thought to have an impact on arrears, explained only 9 per cent of the variation. The fact that this is very low does not offer much hope that government can alter the arrears rates through policy changes related to counselling or reducing affordability problems. The truth of this statement is found in the evidence that arrears rates have not declined significantly since 1980 despite the introduction of a homeowner heating allowance, the continuation and improvement of counselling efforts, and the provision of rental assistance to the very lowest-income clients.

The factors that do have a significant impact on the homeowner arrears rate cannot be changed easily. For example, arrears rates are higher for older dwellings and in areas where the perceptions of economic prospects are poor. Other factors are directly related to the type of clientele served. The larger the family, the more likely it is to be in arrears.

One possible approach to solving the arrears problem is through the repair of substandard units. This is suggested by the positive statistical relationship between homeowner arrears rates and inspector estimates of unit repair cost. Counselling also reduces arrears rates, albeit marginally.

There may be steps that can be taken during the client selection stage which might have a long-term impact. For example, selection of clients with steady incomes (full-time employment, welfare income, etc.) appears to be related to lower arrears rates. However, the impact of this approach is limited by the extent of client turnover, and may serve to exclude those most in need.

For renters, the statistical analysis, between the probability of being in arrears and factors related to arrears rates, explained 36 per cent of the variation. This is a highly satisfactory result. Unfortunately, the factors which appear to have the largest impacts cannot be easily changed. These include the age of the dwelling and its location.

Counselling was shown to reduce the probability of a tenant being in arrears. However, the impacts are marginal. There are also steps which can be taken, at the time of client selection and commitment, which might have positive benefits. Clients with a high school education and those with steady pension incomes have better payment records than others. Obviously the effectiveness of this strategy is limited by the amount of client turnover.

J. Training and Counselling

An important part of the RNH programs is training and counselling. The Native Cadre program, the Secondment program, and the Client Training program are intended to increase the housing administration skills of individual Natives and Native groups. The client counselling programs are intended to increase the housekeeping and budgeting knowledge and skill of RNH clients.

There are three generic approaches to training. The first, is self-training with the aid of materials (the Client Training program for example). The second, is formal explanation by an expert (the Secondment program and the Client Counselling program for example), and the third, is learning by doing under the supervision of others (the Native Cadre program, the Demonstration housing program and HAP for example).

The evaluation results can shed some light on which approach is the most effective. With respect to self-teaching through the provision of audiovisual aids and so on, the evaluation found little satisfaction by the Delivery Groups with this approach. When asked how to improve the Client Training

program, suggestions were made for better integration with the Delivery Groups' operations, both in terms of timeliness and subject matter.

HAP and demonstration clients were asked which approaches to increasing their knowledge and skills were most useful. Only 18 per cent of HAP clients cited books and pamphlets as being useful, and none cited films and videos. Fourteen per cent of demonstration clients cited books and pamphlets as being useful, and only 4 per cent cited films and videos. The conclusion is that the provision of training materials in and of itself, does not seem to be an effective way to transmit information, although it does have the advantage of being low cost.

The next approach is formal training and/or counselling. Under the Secondment program, an acknowledged expert works with a Delivery Group and demonstrates how a function is to be properly performed. The group learns the correct approach by following the example of the expert. Under the client counselling program, homeowners and renters are instructed how to budget and how to maintain their homes.

Secondees reported training activities such as the preparation of plans and budgets, holding meetings, seminars, and giving courses and presentations. About one-third contributed to the knowledge of the group by preparing a program delivery/ planning guide or manuals. The secondees generally believed that they had a positive impact on the delivery capability of the group. The Delivery Groups generally saw the secondees as somewhat to very beneficial to improving their delivery capability.

On the other hand, the results for RNH clients, who received training through the home maintenance and counselling programs, were not so positive. Less than 50 per cent of homeowners agreed that the information provided to them was useful (30 per cent of HAP, but 73 per cent of demonstration clients) although close to 65 per cent of renters agreed that the information was useful (57 per cent of lease-purchase clients). Further, in terms of the impacts of counselling on their intended objectives - i.e. increasing home maintenance skills and reducing arrears - rigorous statistical analysis revealed no strong positive impact. Also, while CMHC and provincial staff are generally of the opinion that counselling has been useful for reducing and preventing arrears, there was some disagreement over the effectiveness of increasing clients' knowledge about maintenance and maintenance practices through counselling. These findings call into question the effectiveness and cost-effectiveness of this form of education as a means of increasing knowledge and skills.

The final generic approach to training is on-the-job. The Native Cadre program is a good example of this, in the context

of Delivery Groups, while the self-help approach to construction is a good example, in the context of increasing occupant knowledge and skills.

With respect to the effectiveness of the Native Cadre program, virtually all of the trainees perceived the program as having been somewhat to very helpful for increasing their knowledge about the RNH programs and for improving their housing development skills. Cadres who rated their supervisor's level of constructive criticism as somewhat to very high, viewed the program as being of benefit. Those who were involved in decision-making or workshops also rated the program favourably. Increased knowledge about the RNH programs was most closely associated with learning by observation.

Over one-half of RNH government and Delivery Group staff, surveyed for the evaluation, rated the Native Cadre program effective as a training vehicle, albeit more in human relations functions than in managerial and technical functions. Responses to queries about how the program could be improved suggested including more practical experience and decision making responsibility and making the approach more formal with structured training plans and training-oriented supervisors.

A final line of evidence on the effectiveness of the Native Cadre program is the usefulness of the trainees to the RNH Delivery Groups who hired them. Perceptions were generally mixed in that there was overall agreement that cadres were well-skilled in the area of human relations. However, the Delivery Groups assessed their staffing requirements as being less well met in the managerial and technical areas. There was the view expressed that field experience be given greater emphasis as part of the training for Delivery Group work to improve cadres' practical knowledge of program administration. It was felt by cadres that more involvement in decision-making and in workshop discussions respectively, during their training would improve their skills in these areas.

On-the-job training, supplemented by professional advice, is the approach employed for imparting house construction and home maintenance skills under the Demonstration and HAP programs. Clients build their own homes under the supervision of a building expert. RNH program staff are available to provide information about the assistance being offered and to answer technical questions. Clients may also find help by referring to books, pamphlets, and related audiovisual material. When asked to rank these information sources, over fifty per cent of HAP and Demonstration clients cited the construction supervisor as being the best for improving their construction knowledge and/or skills. Program staff and books/pamphlets were each ranked by about 15 to 20 per cent of clients as being best, while films or formal classes were given a high rating by fewer than 5 per cent of the clients.

There are significant longer-term benefits to this training as well. The majority of demonstration and HAP clients reported that they had gained knowledge and have used the skills since constructing their house. Almost 90 per cent of both the demonstration and HAP clients feel that they are able to make repairs to their homes. This compares with less than 65 per cent of Regular RNH clients making a similar claim. In addition, 75 per cent of demonstration clients and 83 per cent of HAP clients believe that making major repairs is their responsibility, compared to 53 per cent of RNH clients. Lastly, a significantly lower percentage of demonstration and HAP clients were assessed as having poor maintenance practices, compared to RNH Regular clients.

To conclude, the evaluation findings, with respect to training, strongly suggest that the most effective way to provide knowledge and skills is to involve the client in a hands-on way. The best examples of this approach is the Native Cadre program and the Demonstration program. The apparent ineffectiveness of other approaches, such as the provision of books and videos, or teaching/counselling, offsets their lesser costs. Therefore the conclusion is that future training initiatives for Delivery Groups and RNH clients should emphasise the personal involvement in learning over other approaches.

K. Summary

This chapter has reviewed the implications of the analysis done in the Evaluation of the Rural and Native Housing programs. A basic finding of the evaluation is that there continues to be a need for social housing assistance in rural areas, even though in absolute and relative terms, it is declining. Therefore, the main issues that the evaluation wishes to bring to light are about the design and delivery of the RNH programs rather than about the program rationale. The implications have been organised under ten basic areas.

With respect to the evaluation findings that over 50 per cent of the RNH households are in core housing need, the issue is whether the standards of affordability, suitability and adequacy should be enforced through program redesign or whether they should be relaxed. The resolution of this issue depends on how much society is willing to reduce the number of low-income households served in order to maintain these housing standards.

The evaluation found that reliance on self-help and volunteer labour in the construction and management of the units is cost-effective and viable. The Demonstration program performed well in most of the other areas examined. One possible exception is the ability of the occupants to maintain their units. Further evidence is needed on this aspect of the

program. An issue which also needs to be addressed is how to avoid problems related to incomplete units or poor quality construction.

The evaluation findings suggest that consideration be given to a front-end grant approach rather than an ongoing mortgage subsidy approach. The economic costs are certainly lower. However, there are some social reasons favouring an ongoing subsidy approach which should be considered also.

With respect to delivery and management issues, centralised delivery and management of the portfolio has been reasonably successful but some delivery and management practices need to be improved. Community-based delivery systems promote a different approach. In assessing the relative merits of each, the indicators of current delivery and management performance, past and current experience with locally-based Delivery Groups, and the time and costs of implementing locally-based delivery in areas where direct delivery now occurs should be considered.

With respect to rural market conditions and housing needs, there is still a requirement to respond to needs by subsidising the construction of new housing. However, consideration could be given to introducing a rent supplement type of assistance in rural areas, to allow the use of existing privately-owned rental units in the resolution of rural housing needs.

The policy of streaming clients into different tenures, based on their ability to afford the payments and on their homeownership skills, needs to be reviewed given that 52 per cent of rental clients would prefer to own. A sound rationale is needed if the practice is to be retained. Otherwise, the alternative of offering only one tenure, be it homeowner or rental, should be considered. The choice between the two depends on the merits each has that government believes are more important to promote.

The evidence gathered in the evaluation indicates that the Native targets can be justified as an affirmative action program. According to the 1981 Census, Native people are generally worse-off in their housing than other Canadians. However, only secondary evidence is available now on whether the targets should be increased, remain unchanged, or decreased. This is that the Natives being served under the RNH programs have lower incomes than the non-Natives being served. This suggests that the current target levels are not jeopardising overall program objectives and therefore are appropriate. But the only way to definitively address this issue in the longer term is to conduct a special survey of rural housing focusing on the Native/non-Native background of the occupants.

The RNH programs have been used in some instances to foster Native economic development although this is not a program objective. Factors which should be considered, if this is to be discussed as an option in the future, include the costs in terms of foregone social housing units, the potential of Natives being able to use the housing skills they have so acquired, and economic development programs offered by other government agencies.

There are two long standing problems in the existing RNH stock. First, there is a high rate of deterioration of some homeowner units and a wide variation in the maintenance/repair habits of RNH clients. Counselling does not appear to improve this situation. The condition of the stock might be improved in the long run through good construction and careful client selection. But the analysis done here suggests other factors may predominate, thus swamping the effects of these initiatives. Remedial repairs or a conversion to a Rental program are among the options which could be considered if government has a concern about the continued adequacy of the RNH housing stock.

Second, arrears rates are high for both homeowners and renters. The arrears problem for homeowner clients has proven difficult to explain. The three possible avenues for improving arrears rates in the long term is through client selection, counselling and through unit repairs. However there are many factors affecting homeowner arrears rates that are not known, which means that the success of these strategies is uncertain. The arrears problem for the rental stock might be addressed through client selection and through budget counselling.

Finally there are many training components in the RNH programs - training for Native Delivery Groups and training/counselling for program clients. The results of the evaluation suggests that the most effective training is on-the-job or self-help, with positive direction from an experienced and supportive supervisor.

It should be emphasised that these implications are presented for consideration in the RNH policy development process only and should not be considered as recommendations for immediate action.

APPENDIX I TO CHAPTER I

Method of RNH Sample Selection and Calculation of Weights

RNH Sample Selection

The sample of RNH housing units was chosen from the total of all dwellings in place, occupied and under repayment (where applicable) as of August 1988. All housing assisted under the RNH Regular program, RNH Demonstration program, F/P Basic Shelter Program (BSP - New Brunswick) and the Homeownership Assistance Program (HAP - Northwest Territories) which met these criteria, were eligible for selection.

The size of the sample was made large enough to ensure that accurate and valid estimates of unit and occupant characteristics could be made for each province by rural and remote location. The population percentage estimates were to be accurate within six per cent of the actual percentages, 19 times out of 20. A total of 3,999 units, about one-quarter of those eligible for selection, were chosen for the RNH Evaluation. These units represented the study basis for the evaluation. Each house was to be visited twice, first for an inspection, then for a personal interview with the occupant, in whose name the assistance was received.

The selection process was two-staged. First, communities with eligible housing were grouped geographically into clusters so that the sample would be more concentrated. This approach was used to save time and travel expense when inspecting the sampled units and when conducting the on-site follow-up interviews. Each cluster was defined to include areas located closely together, which were accessible from a similar travel itinerary and which, overall, had at approximately 20 to 50 units. Clusters were identified by remote and non-remote location within each province/territory. In this first stage, clusters were selected at random, in direct proportion to their number of eligible RNH units.

In provinces/territories, where no efficiencies were likely to result from clustering, either because of short distances or because the population was less dispersed, a random selection of units was made from among the total number of eligible units by rural/remote location, where applicable. This approach was employed in Nova Scotia, New Brunswick, Quebec, Ontario and the Northwest Territories. In two areas, Prince Edward Island and the Yukon territory, because the total number of units in the portfolio was so small, all were included in the evaluation study.

In the second stage of the process, a stratified random selection method was used, to ensure that the sample of units chosen within each cluster accurately represented the overall

RNH housing portfolio. Based on previous reviews of the programs and from discussions during the planning phase of the evaluation, four characteristics were identified as important to the analysis. Accordingly, in each province, eligible RNH units were divided into four corresponding strata, including remote/non-remote location, program/tenure type, age (pre-1981, 1981-85, post-1985) and occupant arrears status. Units were chosen randomly within each of these stratum cells. The two-staged approach of first selecting clusters, then units within clusters, was employed for Newfoundland, Manitoba, Saskatchewan, Alberta and British Columbia.

In the event that an inspection could not be completed on a selected unit, another from the original sample (or cluster, if applicable) and the same stratification cell (e.g. homeowner, pre-1981, in arrears) was randomly chosen as a replacement. In a few cases where no units remained in the original cluster, the replacement was selected from a neighbouring cluster.

Calculation of Weights

In order to assess the condition of the RNH housing portfolio, on the basis of the inspections and client interview samples, it was necessary to weigh the data up to the size of the population of all units. This was done in three steps, replicating the procedure used for selecting the sample. The weight assigned to each sampled RNH dwelling was a product of three component weights: a cluster selection weight, a cell selection weight and a portfolio balancing weight.

The cluster selection weight is calculated to reflect the probability of selection of that cluster, which is directly related to its size. Units from a relatively small cluster will figure less prominently in portfolio estimates than units from larger-sized clusters, for example. Each dwelling unit chosen from the cluster is weighted in direct proportion to the weight of its cluster. If all units of a specific program type (RNH Demonstration) or in a certain area (Yukon) were included in the sample, then the weight assigned to each was one.

The cell selection weight accounts for the stratum from which the dwelling unit was chosen. A unit is weighted by the ratio of the total number of eligible units in that stratification cell e.g. rural/remote area, tenure/program type, age and arrears status within province to the number of units in the final sample for that stratum. The final sample size was used to determine the weight because it was the more accurate measure of the number of units inspected.

The portfolio balancing weight is derived once the first two weights have been calculated. It adjusts the weight of each sampled dwelling to account for differences in the

distribution of the portfolio to that of eligible units within clusters by province, remote/non-remote location and tenure/program type. This composite weight is the ratio of the total number of units in the portfolio to the number of units in the sample which has been weighted by the cluster and cell selection weights.

Reporting of Findings

The tables in this report show survey results, in terms of both weighted percentages and the actual number of sampled cases. The weighted percentages represent population estimates while the number of cases represent the equivalent unweighted number of sample observations.

TABLE 1.1.1
RURAL AND NATIVE HOUSING PROGRAM PORTFOLIO[1] BY PROVINCE/TERRITORY
AS OF JULY, 1988

PROVINCE/TERRITORY AND RNH PROGRAM	PORTFOLIO PRE-1981	1981-1985	POST-1985	TOTAL
Newfoundland				
RNH Homeowner	578	1,026	56	1,660
Prince Edward Island				
RNH Homeowner	11	16	10	37
RNH Rental	-	-	12	12
RNH Lease-Purchase	N/A	N/A	5	5
Total				54
Nova Scotia				
RNH Homeowner	562	813	81	1,456
RNH Lease-Purchase	N/A	N/A	8	8
Total				1,464
New Brunswick				
RNH Homeowner	840	367	111	1,318
RNH Rental	-	-	25	25
RNH Lease-Purchase	N/A	N/A	4	4
F/P Basic Shelter	N/A	N/A	105	105
Total				1,452
Quebec				
RNH Rental	-	99	523	622
Ontario				
RNH Homeowner	594	1,042	479	2,115
RNH Rental	-	2	-	2
RNH Lease-Purchase	8	9	30	47
Total				2,164
Manitoba				
Remote Rentals	79	N/A	N/A	79
RNH Homeowner	651	339	24	1,014
RNH Rental	563	417	100	1,080
RNH Lease-Purchase	N/A	N/A	15	15
Total				2,188
Saskatchewan				
RNH Homeowner	1,438	456	2	1,896
RNH Rental	430	214	-	644
Total				2,540
Alberta				
RNH Homeowner	315	812	138	1,265
RNH Rental	75	-	-	75
Total				1,340
British Columbia				
RNH Homeowner	539	177	87	803
RNH Rental	-	2	-	2
RNH Lease-Purchase	N/A	N/A	38	38
Total				843
Northwest Territories				
RNH Homeowner	17	62	2	80
RNH Rental	-	-	241	241
F/T HAP	N/A	N/A	154	154
Total				475
Yukon				
RNH Homeowner	2	4	2	8
CANADA	6,702	5,857	2,251	14,810

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

NOTE: [1] The portfolio includes only existing and occupied units which are currently under repayment as of August, 1988.

TABLE 1.1.2
RNH UNIVERSE AS OF AUGUST 1988

PROVINCE/ TERRITORY	# OF COMM-UNITIES	DISTRIBUTION OF UNITS BY COMMUNITY SIZE CATEGORIES (POPULATION 1986) COMM.[1] POP. COUNT MISSING %	RNH UNITS[2] POP. COUNT MISSING %	0-1,000 %	1,001-2,500 %	2,501+ %	AVR # OF RNH UNITS	AVR # OF ERP UNITS
Newfoundland	392	15.8	7.9	62.7	35.0	2.3	4.2	1.2
Remote	258	19.0	13.6	81.6	18.0	0.4	3.0	1.0
Non-remote	134	9.7	3.2	49.0	47.4	3.6	7.1	1.3
P.E.I.								
Non-remote	36	5.6	5.3	64.8	31.5	3.7	1.6	1.0
Nova Scotia								
Non-remote	396	19.9	26.0	74.5	11.3	14.2	3.8	1.1
New Brunswick								
Non-remote	223	17.5	13.9	37.7	29.2	33.1	6.6	1.1
Quebec	73	12.3	7.4	40.4	54.0	5.6	8.9	2.0
Remote	45	8.9	3.4	56.3	43.7	0.0	7.8	2.0
Non-remote	28	17.9	12.0	19.8	67.3	12.9	10.7	2.0
Ontario	295	18.3	12.8	36.3	50.5	13.1	7.4	2.6
Remote	8	12.5	4.2	41.3	58.7	0.0	6.0	0.0
Non-remote	287	18.5	12.9	36.2	50.3	13.4	7.5	2.6
Manitoba	231	16.9	10.9	76.8	18.4	4.9	9.3	1.0
Remote	25	8.0	2.9	74.8	24.9	0.2	16.7	1.0
Non-remote	206	18.0	12.8	77.3	16.6	6.1	8.4	1.0
Saskatchewan	240	5.8	3.2	52.1	37.6	10.3	10.7	2.9
Remote	28	14.2	2.9	57.1	37.6	5.3	39.4	6.0
Non-remote	212	4.7	3.4	48.3	37.6	14.1	6.9	1.9
Alberta	182	26.9	8.9	30.4	21.2	48.4	7.4	4.5
Remote	15	6.7	0.6	18.7	27.5	53.8	11.5	0.0
Non-remote	167	28.1	10.2	32.3	20.2	47.6	7.0	6.3
British Columbia	130	35.4	18.6	30.3	41.8	28.0	6.6	1.9
Remote	11	45.5	29.5	20.0	29.1	50.9	7.1	0.0
Non-remote	119	33.6	17.5	31.1	42.9	26.0	6.5	1.9
N.W.T.								
Remote	51	9.8	9.5	67.2	24.2	8.6	9.3	3.3
Yukon								
Remote	8	12.5	5.0	100.0	0.0	0.0	2.5	1.8
CANADA	2,257	17.7	11.3	52.1	32.4	15.6	6.6	1.8
Remote	449	16.0	6.8	63.0	30.2	6.8	7.7	2.7
Non-Remote	1,808	18.1	12.7	48.6	33.1	18.4	6.4	1.7

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
Population, Cat. 92-105, Statistics Canada, 1986.

NOTES: [1] Percentage of communities for which total population counts are missing.
[2] Percentage of units missing from table.
Errors may have occurred in assigning population counts from the Census publications to the names of RNH communities.

TABLE 1.1.3
DISTRIBUTION OF RNH COMMUNITIES BY POPULATION SIZE GROUPS

PROVINCE/ TERRITORY	# OF COMMUNITIES	COMM. POP. COUNT[1] MISSING %	0-500 %	501-1,000 %	1,001-1,500 %	1,501-2,500 %	2,501 PLUS %
Newfoundland	392	15.8	52.7	29.4	10.3	5.5	2.1
Remote	258	19.0	63.6	23.5	8.6	2.9	1.4
Non-remote	134	9.7	33.9	39.7	13.2	9.9	3.3
P.E.I.							
Non-remote	36	5.6	52.9	17.7	14.7	11.8	2.9
Nova Scotia							
Non-remote	396	19.9	72.9	13.3	5.4	2.2	6.3
New Brunswick							
Non-remote	223	17.5	37.0	21.7	11.4	12.5	17.4
Quebec	73	12.3	9.4	34.4	25.0	26.6	4.6
Remote	45	8.9	14.6	39.1	19.5	26.8	0.0
Non-remote	28	17.9	0.0	26.1	34.8	26.1	13.0
Ontario	295	18.3	34.0	18.6	15.4	15.8	16.2
Remote	8	12.5	42.9	28.6	14.3	14.3	0.0
Non-remote	287	18.5	33.8	18.4	15.4	15.8	16.6
Manitoba	231	16.9	61.4	18.2	10.4	6.3	3.7
Remote	25	8.0	47.8	30.4	8.7	8.7	4.4
Non-remote	206	18.0	63.3	16.6	10.6	5.9	3.6
Saskatchewan	240	5.8	41.1	24.8	14.6	13.3	6.2
Remote	28	14.2	50.0	29.1	12.5	4.2	4.2
Non-remote	212	4.7	40.1	24.3	14.9	14.3	6.4
Alberta	182	26.9	44.4	15.0	9.8	8.3	22.5
Remote	15	6.7	42.9	14.3	14.3	7.1	21.4
Non-remote	167	28.7	44.5	15.1	9.3	8.4	22.7
British Columbia	130	35.4	23.8	25.0	11.9	15.5	23.8
Remote	11	45.5	50.0	16.6	0.0	16.7	16.7
Non-remote	119	34.5	21.8	25.6	12.8	15.4	24.4
N.W.T.							
Remote	51	9.8	54.4	26.0	13.0	2.2	4.4
Yukon							
Remote	8	12.5	85.7	14.3	0.0	0.0	0.0
CANADA	2,257	17.7	48.4	21.4	11.4	9.4	9.4
Remote	449	16.0	54.4	25.7	10.6	6.4	2.9
Non-remote	1,808	18.1	46.9	20.3	11.6	10.1	11.1

SOURCE: RNH Administrative Database, Program Evaluation Division, CMHC, 1989.
Population, Cat. 92-105, Statistics Canada, 1986.

NOTES: [1] Percentage of communities for which total population counts are missing.
Errors may have occurred in assigning population counts from the Census publications to the names of RNH communities.

TABLE 1.1.4
NUMBER OF COMMUNITIES AND REPRESENTATIVES BY PROVINCE/TERRITORY: RNH COMMUNITY REPRESENTATIVES SURVEY

PROVINCE/ TERRITORY	COMMUNITIES IN SURVEY SAMPLE n	RESPONDENTS IN SURVEY SAMPLE n
Newfoundland	48	68
Prince Edward Island	14	24
Nova Scotia	30	61
New Brunswick	67	98
Quebec	40	69
Ontario	78	140
Manitoba	49	75
Saskatchewan	82	146
Alberta	39	55
British Columbia	30	52
Northwest Territories	30	45
Yukon	5	12
CANADA	512	845

SOURCE: Rural and Native Housing Programs, Program Actors' Survey, Vol. II, "Community Representatives, RNH Program Officers and Local Housing Associations and Authorities, Part 1". The Coopers and Lybrand Consulting Group (Ottawa: July, 1989).

APPENDIX II TO CHAPTER I

FIGURE 1.2.1
HAP, RHAP, RNH DEMONSTRATION COMPARISON OF FEATURES

	HAP	RHAP	RNH DEMO
Client Selection	1. At least 19 years of age; 2. NWT resident 5 years minimum; 3. Skill, knowledge, initiative to build house; 4. In core need; 5. Can afford to operate and maintain home (above minimum income); 6. No previous homeownership assistance; 7. Native targets apply.	1. Permanent resident; 2. Consist of at least one dependent or senior citizen; 3. Full grant: adjusted income of less than $18,000 a year ($2,500 spouse deduction, $500 per child) Half-grant: $18,000-31,000; 4. Must be in need of improved housing; 5. No outstanding loans or debts with other housing programs.	1. Permanent resident; 2. Age of majority; 3. In core need; 4. Willing and able to participate in construction; 5. Ability to operate and maintain home; 6. Can afford utilities and taxes without subsidy.
Community Selection	Communities with 2,500 population or less.	Métis settlement or designated remote community provided that no conventional market exists and no other programs apply in the community.	Off-reserve (isolated or remote) pop. under 2,500.
Assistance	Forgivable loan to cover cost of material package (kit), cost of freight, site development, electrical installation.	Grants for purchase of building materials. Grant is up to $18,000 per unit in remote communities and $30,500 on Métis Settlements. Electricians' fees and some housing associations' administrative costs are paid from the grant.	Forgivable loan/ mortgage to cover cost of materials, construction manager, fees, land acquisition, services and specialised subtrade labour.

	HAP	RHAP	RNH DEMO
Rate of Forgiveness	20 per cent per year assuming no breach of agreement.	20 per cent per year assuming no breach of agreement.	Forgiven over 25 years if land owned assuming no breach of agreement (20 per cent per year forgiven if land not owned ie. Crown land).
Responsibilities of Client	1. Costs of tools, insurance, dry-wallers and other trades, furniture, land lease or purchase, (labour funds used), off-loading, temporary hook-up, storage; 2. Sweat equity; 3. Maintenance ($100) and Operating Costs ($400); 4. Costs of connection to utilities.	1. Must build home within 12 months of receipt of program funds; 2. Sweat equity in the following areas: site clearing, interior and exterior painting, landscaping, unloading and storage of materials. Sweat equity of 80 hours if employed; 120 hours if unemployed; 40 hours if physically restricted; 3. Payment of taxes, fees, utility charges; 4. Maintenance and insurance.	1. Provides basic tools; 2. Participates in house type/ design selection; 3. Provides volunteer labour; 4. Co-operates with construction managers; 5. Maintenance and operating costs including insurance.

	HAP	RHAP	RNH DEMO
Client Cash Input (Estimated)	$8,970 (1988-9 Survey)	Individual may be asked by the housing association to pay a portion of material costs back to the association to be used for a local revolving fund.	$2,315 (1988-9 Survey)
Pre-Occupancy Counselling	Yes.	Yes.	Yes.
Construction Counselling	Yes.	Yes.	Yes.
Post-Occupancy Counselling	No.	Not defined.	Yes.
Self-Building Emphasis	Medium.	Low.	High.
Contractors Involved	Yes, NWTHC Tender Electrical.	Yes, competitive bids for materials and specialised labour.	Yes, competitive bids for materials package and specialised labour.
Delivery Agent	Community non-profit construction organisation (OPTIONAL).	Registered local non-profit housing association (MANDATORY).	CMHC direct with fee-for-service to Native group assisting in client/community selection.
Construction Supervisor	Yes, paid through STEP ICHRS.	N/A. See above.	Yes, paid through program.

	HAP	RHAP	RNH DEMO
Responsibilities of Construction Supervisor/ Manager/ Agent	1. Provides technical counselling to clients during all phases of construction. On-site construction supervisor is hired on an as required basis.	1. Organises community members required for house construction or repair; 2. Coordinates government manpower training programs; 3. Ensures all relevant permits are obtained and complied with; 4. Purchases construction materials; 5. Organises joint contractor/ supplier/ applicant/RHAP staff meetings; 6. Supervises construction; 7. Site clearing, excavation for footings and final grading/ landscaping; 8. Local Housing Association must establish and maintain a separate bank account, monthly financial statements and an annual independent audit of the account management.	1. Predevelopment: meets clients, reviews arrangements, prepares schedules. 2. Construction: verifies material, ensures work in accordance with design, plans & specs, coordinates external contractors, supervises workers and provides technical assistance and training.
Inspections During Construction	Yes, 5.	Yes, 4; visits to each community once a month during construction.	Yes, by CMHC.

	HAP	RHAP	RNH DEMO
Inspections After Construction	Once a year for five years.	Not defined.	Not defined.
National Building Code Requirement	Yes.	No; however, Alberta Building Code is employed.	Yes, partial. Health & Safety mandatory. May be waivers on other items.
Housing Kit	Yes.	No.	Yes.
Security	1. Mortgage; 2. Mortgage of Lease; 3. Equitable mortgage; 4. Promissory note.	Promissory note.	1. Mortgage (forgivable) Right of first refusal; 2. Promissory note.
Land	Must hold title or control land prior to construction: . fee-simple title; . long-term lease; . Band Council resolution.	Must have approval for an allotment of land on which to build: . Certificate of occupancy; . Lease (min. 25 years); . Use permits on Crown land; . Ownership.	Formal land tenure not required: . Lease (min. 25 years); . Use permits (Crown land) sites inspected by CMHC before approval.
Manpower Programs Used	Yes, ICHRS STEP.	Yes, Alta and/or Canada Manpower programs for the purposes of providing training programs in construction skills and associated manpower assistance needs to local housing associations.	Yes, Quebec 1987.

APPENDIX I TO CHAPTER II

This appendix provides more detail on the characteristics of the core and non-core need households in urban and rural areas. Of the different household types, the highest incidence of core need is found within single-person and then single-parent households (Table 2.1.1). In rural locations, 29.2 per cent of single-person households and 26.7 per cent of single-parent households are in core need. This proportion is slightly lower than its counterpart in the urban areas (32.6 per cent of single-person households and 34.0 per cent of single-parent households). Couples with children have one of the lower incidences of households in core need.

TABLE 2.1.1
INCIDENCE OF CORE NEED BY HOUSEHOLD TYPE
(%)

	URBAN AREAS			RURAL AREAS		
HOUSEHOLD TYPE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
ALL HOUSEHOLDS	14.8	85.2	100.0	10.1	89.9	100.0
Single-person	32.6	67.4	100.0	29.2	70.8	100.0
Single-parent	34.0	66.0	100.0	26.7	73.3	100.0
Couple no child.	7.0	93.0	100.0	6.2	93.8	100.0
Couple with child.	5.1	94.9	100.0	5.6	94.4	100.0
Extended family	3.6	96.4	100.0	2.1	97.9	100.0
Other	15.7	84.3	100.0	12.1	87.9	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Slightly more than 40 per cent of heads of core need households in rural areas are less than 45 years old (Table 2.1.2). Urban household heads in core need also tend to be in this age group (48.4 per cent). More than one-third of rural core need households are between the ages of 45 and 64 years, as compared to 22.3 per cent of the urban core need households.

TABLE 2.1.2
DISTRIBUTION OF HOUSEHOLDS BY AGE OF HOUSEHOLD HEAD
CORE AND NON-CORE NEED
(%)

AGE OF HOUSEHOLD HEAD	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
< 45 yrs.	48.4	51.7	51.2	40.5	48.1	47.3
45-64 yrs.	22.3	31.6	30.3	34.5	33.1	33.2
> 65 yrs.	29.3	16.7	18.5	25.0	18.8	19.5
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Although there is a high proportion of rural core need households who are less than 45 years old, the incidence of core need is actually lower than in the other two age groups shown (Table 2.1.3). Heads of households who are at least 65 years old are more likely to be in core need in both rural and urban areas. However, the incidence of households in this age group who are in core need is much lower in the rural (12.9 per cent) than in the urban (23.3 per cent) areas.

TABLE 2.1.3
INCIDENCE OF CORE NEED BY AGE OF HOUSEHOLD HEAD
(%)

AGE OF HOUSEHOLD HEAD	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
< 45 yrs.	14.0	86.0	100.0	8.6	91.4	100.0
45-64 yrs.	10.9	89.1	100.0	10.5	89.5	100.0
> 65 yrs.	23.3	76.7	100.0	12.9	87.1	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Table 2.1.4 shows that the incidence of seniors (age 65 or over) in households is slightly higher in rural areas than urban areas, although not by much (22 versus 21.1 per cent). However, among the core need households, more in the urban areas have senior members (30.6 per cent) than in the rural areas (26.3 per cent).

TABLE 2.1.4
INCIDENCE OF SENIORS IN HOUSEHOLDS
CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Seniors in households	30.6	19.5	21.1	26.3	21.5	22.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Both rural and urban core need households are more likely to receive welfare than non-core need households (Table 2.1.5).

In rural areas, those receiving welfare and in core need represent 22.8 per cent of the rural core need population. The percentage of urban core need households receiving welfare is 18.9 per cent. The proportion of core need households receiving pensions is lower in rural areas (30.7 per cent) than urban centres (32.4 per cent).

TABLE 2.1.5
DISTRIBUTION OF HOUSEHOLDS
BY PRIMARY SOURCE OF HOUSEHOLD INCOME
CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
PRIMARY SOURCE OF INCOME	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Employment	37.5	80.4	74.0	32.4	74.3	70.1
Pension	32.4	13.6	16.3	30.7	16.0	17.4
Welfare	18.9	0.9	3.6	22.8	1.6	3.7
UIC	5.0	0.7	1.4	10.0	3.1	3.8
Other	6.2	4.4	4.7	4.1	5.0	5.0
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Table 2.1.6 shows that core need couples with children, single parents and singles in rural areas rely less on employment income than in urban areas. Of the rural core need households, couples with children rely more on employment income than do other household types. Not surprisingly, singles rely less on employment income than the other household types. This probably reflects the age of the singles population - either the very young who may be unemployed or the very old who may rely more on pension income.

TABLE 2.1.6
INCIDENCE OF HOUSEHOLDS WITH EMPLOYMENT INCOME CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
HOUSEHOLD TYPE	**CORE NEED**	**NON-CORE NEED**	**TOTAL**	**CORE NEED**	**NON-CORE NEED**	**TOTAL**
ALL HOUSEHOLDS	37.5	80.4	74.0	32.4	74.3	70.1
Single-person	30.4	64.2	53.2	19.3	46.7	38.7
Single-parent	31.4	81.6	64.5	22.0	66.8	54.9
Couple no child.	33.8	66.3	64.0	43.9	58.6	57.7
Couple with child.	62.0	95.3	93.6	48.5	89.9	87.5
Extended family	-	88.6	87.5	-	75.4	74.4
Other	60.9	82.1	78.8	37.2	60.5	57.7

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.
NOTE: "-" indicates less than 50 cases.

A comparison of educational level, attained by those in core need and those not in core need, shows that proportionately more core need households have less than high school education. However, this relationship is not true for single-parent families. In both the rural and urban core need population, single-parent families have higher incidences of having attained a high school education or higher (Table 2.1.7).

TABLE 2.1.7
INCIDENCE OF HOUSEHOLD HEAD WITH HIGH SCHOOL OR HIGHER EDUCATION BY HOUSEHOLD TYPE CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
HOUSEHOLD TYPE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
ALL HOUSEHOLDS	70.6	83.0	81.2	52.9	68.5	66.9
Single-person	67.5	83.2	78.1	45.2	63.2	57.9
Single-parent	80.6	80.1	80.3	69.7	59.6	62.3
Couple no child.	58.7	78.5	77.1	49.1	62.9	62.0
Couple with child.	73.8	86.5	85.8	60.2	76.0	75.1
Extended family	-	73.9	73.7	-	46.4	46.5
Other	81.6	85.7	85.1	41.3	54.8	53.1

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.
NOTE: "-" indicates less than 50 cases.

More rural core need households own than rent while the reverse is true for the urban population. Renters represent 29.4 per cent of the rural core need households as compared to an overwhelming 77.4 per cent of urban core need households (Table 2.1.8). Proportionately more rural than urban core need households are owners with mortgages (23.6 per cent versus 10.9 per cent). Forty-seven per cent of rural core need households are owners without mortgages, whereas only 11.7 per cent of urban core need households are owners without mortgages.

TABLE 2.1.8
DISTRIBUTION OF HOUSEHOLDS BY TENURE
CORE AND NON-CORE NEED
(%)

	URBAN AREAS			RURAL AREAS		
TENURE	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Owned with mortgage	10.9	34.8	31.3	23.6	34.8	33.7
Owned without mortgage	11.7	30.4	27.6	47.0	55.8	54.9
Renter	77.4	34.8	41.1	29.4	9.4	11.4
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

Rural households have more living space (Table 2.1.9). The average number of bedrooms and rooms are higher in rural than urban households.

TABLE 2.1.9
LIVING SPACE PER HOUSEHOLD - CORE AND NON-CORE NEED
(#)

	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Average no. of bedrooms	1.8	2.7	2.6	2.7	3.1	3.1
Average no. of rooms	4.2	6.0	5.7	5.5	6.5	6.4

SOURCE: Statistics Canada Household Income, Facilities and Equipment (HIFE) and Shelter Cost Survey (SCS) micro-data tape, 1988, enhanced to facilitate calculations of core housing need made by the Research Division, Canada Mortgage and Housing Corporation.

APPENDIX I TO CHAPTER III

TABLE 3.1.1
ANNUAL HOUSEHOLD AVERAGE INCOME
($)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	16,334	12,740	13,086	15,791	15,692
PROVINCE/REGION					
ATLANTIC	14,609	-	11,272	14,561	15,835
Newfoundland	14,258	N/A	N/A	14,258	-
P.E.I.	18,427	-	-	16,999	-
Nova Scotia	16,332	-	N/A	16,299	-
New Brunswick	13,180	-	-	13,092	-
QUEBEC	N/A	N/A	10,939	10,939	13,863
ONTARIO	16,166	13,806	-	16,107	-
PRAIRIE	18,409	-	12,951	17,059	-
Manitoba	15,774	-	11,873	14,121	-
Saskatchewan	18,331	N/A	14,462	17,308	-
Alberta	20,016	N/A	-	19,596	N/A
BRITISH COLUMBIA	15,581	-	N/A	15,376	-
TERRITORIES	30,665	N/A	22,476	24,924	-
N.W.T.	30,981	N/A	22,476	24,955	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	16,229	-	15,331	15,891	17,343
Non-remote	16,352	12,762	11,131	15,767	14,552
NATIVE	14,830	9,947	14,019	14,550	14,704
Remote	16,322	-	14,650	15,541	15,993
Non-remote	14,296	9,947	12,889	13,996	13,233
YEAR OF COMMITMENT					
Pre-1981	14,991	-	14,996	14,977	N/A
1981-1985	17,909	-	10,060	17,243	N/A
Post-1985	15,096	12,347	13,128	14,159	15,692
F/P BSP (N.B.)	10,605				
F/T HAP (N.W.T.)	41,024				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

TABLE 3.1.2
AVERAGE ANNUAL RENT/MORTGAGE PAYMENTS
($)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	3,272	3,246	2,358	3,128	0
PROVINCE/REGION					
ATLANTIC	3,076	-	3,019	3,074	0
Newfoundland	2,924	N/A	N/A	2,924	0
P.E.I.	3,447	-	-	2,995	0
Nova Scotia	3,470	-	N/A	3,467	0
New Brunswick	2,856	-	-	2,869	0
QUEBEC	N/A	N/A	2,229	2,229	0
ONTARIO	3,005	3,530	-	3,017	0
PRAIRIE	3,545	-	2,354	3,249	0
Manitoba	2,310	-	2,372	2,342	0
Saskatchewan	3,333	N/A	2,266	3,051	0
Alberta	4,478	N/A	-	4,400	0
BRITISH COLUMBIA	3,501	-	N/A	3,487	0
TERRITORIES	6,703	N/A	2,715	3,907	0
N.W.T.	6,792	N/A	2,715	3,903	N/A
Yukon	-	N/A	N/A	-	0
LOCATION					
Remote	2,974	-	2,144	2,668	0
Non-remote	3,323	3,230	2,543	3,241	0
NATIVE	2,916	2,709	1,898	2,648	0
Remote	2,782	-	1,734	2,293	0
Non-remote	2,964	2,709	2,192	2,846	0
YEAR OF COMMITMENT					
Pre-1981	2,849	-	2,362	2,786	N/A
1981-1985	3,693	-	2,011	3,552	N/A
Post-1985	3,192	3,029	2,541	2,917	0
F/P BSP (N.B.)	2,022				
F/T HAP (N.W.T.)	0				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

TABLE 3.1.3
AVERAGE RENT/MORTGAGE OVER INCOME RATIO

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	.224	.283	.235	.226	N/A
PROVINCE/REGION					
ATLANTIC	.234	-	.298	.235	N/A
Newfoundland	.235	N/A	N/A	.235	N/A
P.E.I.	.188	-	-	.180	N/A
Nova Scotia	.241	-	N/A	.241	N/A
New Brunswick	.228	-	-	.232	N/A
QUEBEC	N/A	N/A	.226	.226	N/A
ONTARIO	.196	.284	-	.199	N/A
PRAIRIE	.214	-	.251	.223	N/A
Manitoba	.178	-	.280	.222	N/A
Saskatchewan	.205	N/A	.214	.207	N/A
Alberta	.243	N/A	-	.244	N/A
BRITISH COLUMBIA	.280	-	N/A	.282	N/A
TERRITORIES	.218	N/A	.153	.172	N/A
N.W.T.	.216	N/A	.153	.171	N/A
Yukon	-	N/A	N/A	-	N/A
LOCATION					
Remote	.210	-	.188	.202	N/A
Non-remote	.226	.283	.276	.232	N/A
NATIVE	.226	.307	.177	.214	N/A
Remote	.189	N/A	.163	.177	N/A
Non-remote	.239	.307	.201	.235	N/A
YEAR OF COMMITMENT					
Pre-1981	.225	-	.208	.223	N/A
1981-1985	.222	-	.276	.226	N/A
Post-1985	.225	.269	.235	.231	N/A
F/P BSP (N.B.)	.204				
F/T HAP (N.W.T.)	N/A				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: "-" indicates less than 20 cases. See Appendix IV for sample sizes. Since the source of the data is RNH clients, there may be some error in the measure of the shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

TABLE 3.1.4
PERCENTAGE OF RNH HOUSEHOLDS MAKING EXTRA PAYMENTS FOR WATER, ELECTRICITY, OIL, GAS, COAL, WOOD AND SEWAGE PUMP OUT
(%)

	PROPERTY TAX	ELEC-TRICITY	OIL/GAS/ COAL/ WOOD	WATER	SEWAGE PUMP-OUT
RNH HOMEOWNER	23.7	99.3	83.0	94.8	48.9
Remote	41.3	98.9	97.9	96.7	61.6
Non-remote	21.2	99.4	80.7	94.5	46.2
Pre-1986	24.7	99.2	83.8	95.1	49.6
Post-1985	12.9	100.0	75.8	92.1	39.3
RNH RENTER[1]	N/A	61.0	35.0	32.2	13.1
Remote	N/A	66.9	35.3	44.9	20.0
Non-remote	N/A	56.4	34.6	21.8	8.9
Pre-1986	N/A	77.5	58.9	53.2	16.2
Post-1985	N/A	42.9	10.1	8.5	7.3
DEMONSTRATION					
Remote	93.4	100.0	55.6	-	-
Non-remote	94.7	100.0	63.7	-	-
Post-1985	94.2	100.0	59.7	-	-
F/P BSP (N.B.)					
Non-remote	31.6	100.0	51.6	-	-
F/T HAP (N.W.T.)					
Remote	100.0	100.0	100.0	100.0	14.7

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes lease-purchase households.
"-" indicates less than 20 cases.

TABLE 3.1.5
EXTRA PAYMENTS FOR UTILITIES
ANNUAL AVERAGE FOR THOSE
MAKING THE EXTRA PAYMENT
($)

	PROPERTY TAX	ELEC-TRICITY	OIL/GAS/ COAL/ WOOD	WATER	SEWAGE PUMP-OUT
RNH HOMEOWNER	438	1,035	750	264	99
Remote	234	1,010	1,126	253	135
Non-remote	494	1,039	677	266	89
Pre-1986	453	1,017	762	267	99
Post-1985	301	1,191	620	229	70
RNH RENTER[1]	N/A	916	1,198	287	217
Remote	N/A	1,053	1,432	286	-
Non-remote	N/A	786	938	289	-
Pre-1986	N/A	936	1,270	299	-
Post-1985	N/A	875	762	203	-
DEMONSTRATION					
Remote	522	1,375	-	-	-
Non-remote	408	1,271	-	-	-
Post-1985	453	1,313	761	-	-
F/P BSP (N.B.)					
Non-remote	-	1,326	-	-	-
F/T HAP (N.W.T.)					
Remote	407	1,414	2,009	384	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

NOTES: [1] Includes lease-purchase households.
"-" indicates less than 20 cases.

TABLE 3.1.6
AVERAGE ADDITIONAL SHELTER EXPENSES
($)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	1,639	908	886	1,522	1,587
PROVINCE/REGION					
ATLANTIC	1,569	-	575	1,558	1,886
Newfoundland	1,577	N/A	N/A	1,577	-
P.E.I.	1,719	-	-	1,718	-
Nova Scotia	1,554	-	N/A	1,558	-
New Brunswick	1,569	-	-	1,530	-
QUEBEC	N/A	N/A	475	475	1,459
ONTARIO	1,830	365	-	1,793	-
PRAIRIE	1,607	-	1,266	1,530	-
Manitoba	1,446	-	631	1,125	-
Saskatchewan	1,832	N/A	1,799	1,824	-
Alberta	1,473	N/A	-	1,505	N/A
BRITISH COLUMBIA	1,419	-	N/A	1,414	-
TERRITORIES	3,958	N/A	318	1,498	-
N.W.T.	3,979	N/A	318	1,475	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	1,954	-	1,143	1,661	1,842
Non-remote	1,585	881	645	1,489	1,407
NATIVE	1,854	894	1,415	1,732	1,547
Remote	2,281	-	1,503	1,921	1,676
Non-remote	1,700	894	1,227	1,624	1,394
YEAR OF COMMITMENT					
Pre-1981	1,649	-	1,610	1,641	N/A
1981-1985	1,630	-	864	1,564	N/A
Post-1985	1,637	1,108	359	1,103	1,587
F/P BSP (N.B.)	1,601				
F/T HAP (N.W.T.)	3,542				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

TABLE 3.1.7
AVERAGE TOTAL SHELTER COST
($)

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	4,888	4,140	3,163	4,611	1,569
PROVINCE/REGION					
ATLANTIC	4,636	-	3,594	4,623	1,886
Newfoundland	4,482	N/A	N/A	4,482	-
P.E.I.	5,093	-	-	4,663	-
Nova Scotia	5,024	-	N/A	5,024	-
New Brunswick	4,420	-	-	4,393	-
QUEBEC	N/A	N/A	2,699	2,699	1,459
ONTARIO	4,835	3,895	-	4,810	-
PRAIRIE	5,095	-	3,448	4,687	-
Manitoba	3,646	-	2,882	3,326	-
Saskatchewan	5,079	N/A	3,906	4,769	-
Alberta	5,951	N/A	-	5,906	N/A
BRITISH COLUMBIA	4,912	-	N/A	4,893	-
TERRITORIES	10,558	N/A	2,991	5,253	-
N.W.T.	10,665	N/A	2,991	5,228	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	4,892	-	3,222	4,274	1,842
Non-remote	4,887	4,097	3,111	4,693	1,380
NATIVE	4,715	3,569	3,178	4,298	1,517
Remote	5,009	-	3,180	4,155	1,676
Non-remote	4,610	3,569	3,174	4,378	1,335
YEAR OF COMMITMENT					
Pre-1981	4,466	-	3,723	4,367	N/A
1981-1985	5,303	-	2,819	5,090	N/A
Post-1985	4,821	4,115	2,881	3,993	1,569
F/P BSP (N.B.)	3,624				
F/T HAP (N.W.T.)	3,542				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases. See Appendix IV for sample sizes.

TABLE 3.1.8
AVERAGE TOTAL SHELTER COST OVER INCOME

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	.356	.364	.317	.350	.125
PROVINCE/REGION					
ATLANTIC	.372	-	.341	.372	.140
Newfoundland	.403	N/A	N/A	.381	-
P.E.I.	.289	-	-	.292	-
Nova Scotia	.359	-	N/A	.359	-
New Brunswick	.414	-	-	.377	-
QUEBEC	N/A	N/A	.271	.271	.153
ONTARIO	.341	.308	-	.340	-
PRAIRIE	.333	-	.363	.340	-
Manitoba	.311	-	.322	.315	-
Saskatchewan	.334	N/A	.393	.350	-
Alberta	.343	N/A	-	.351	N/A
BRITISH COLUMBIA	.401	-	N/A	.404	-
TERRITORIES	.361	N/A	.186	.239	-
N.W.T.	.355	N/A	.186	.236	N/A
Yukon	-	N/A	N/A	-	-
LOCATION					
Remote	.368	-	.300	.343	.137
Non-remote	.354	.361	.331	.351	.117
NATIVE	.385	.394	.312	.366	.138
Remote	.363	-	.322	.344	.142
Non-remote	.393	.394	.294	.378	.133
YEAR OF COMMITMENT					
Pre-1981	.374	-	.334	.369	N/A
1981-1985	.338	-	.375	.341	N/A
Post-1985	.355	.366	.271	.321	.125
F/P BSP (N.B.)	.371				
F/T HAP (N.W.T.)	.131				

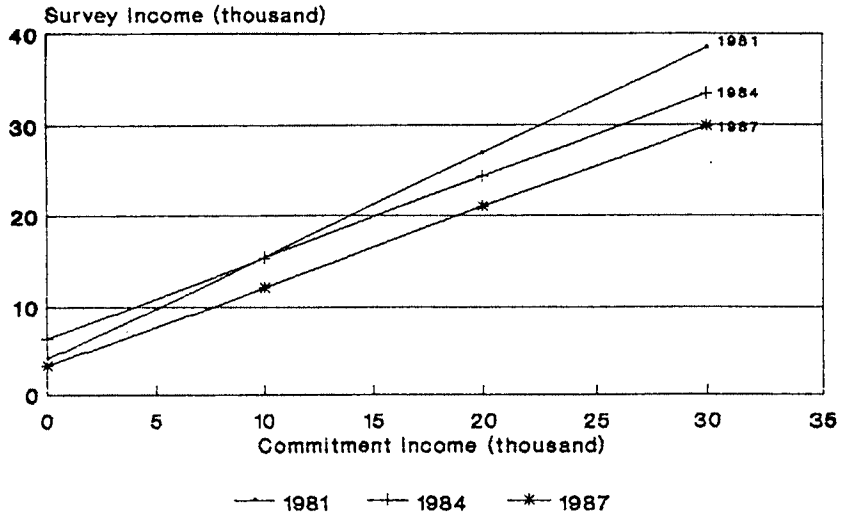
SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTES: "-" indicates less than 20 cases. See Appendix IV for sample sizes. Since the source of the data is RNH clients, there may be some error in the measure of the shelter cost-to-income shown in this table. This measure may also differ with measures of shelter cost-to-income obtained from actual leases/mortgages and from program administrative data.

APPENDIX II TO CHAPTER III

Verification of Income and Payment Data

Table 3.1.1 in Appendix I provides the average income of RNH program clients on a program basis, by province/territory, location and year of commitment. This data is from the survey of RNH clients conducted for this evaluation. The congruence between homeowner income data collected via the survey and homeowner income data collected at the time of commitment, was tested. The process involved running a regression with survey income as a function of commitment income. In such a regression, it is expected that the estimated parameter would be close to one. Differences between years due to inflation would be captured in the intercept terms as show below.

ILLUSTRATION 3.2.1
VERIFICATION OF RNH HOMEOWNER INCOME DATA



In running these regressions, care was taken to ensure that the same households were being compared. Nevertheless, obtaining a perfect correlation between income in the commitment year and in 1989 when the survey was done would be extraordinary, given changes in income and household composition in the intervening years.

The results of the regressions follow.

TABLE 3.2.1
REGRESSION RESULTS: THE RELATIONSHIP BETWEEN RNH HOMEOWNER INCOMES REPORTED IN THE CLIENT SURVEY AND AT TIME OF COMMITMENT

YEAR	ESTIMATED INTERCEPT ('t' stat.)	ESTIMATED PARAMETER FOR COMMITMENT INCOME ('t' stat.)	AVERAGE COMMITMENT INCOME	1988 AVERAGE SURVEY INCOME	F VALUE	R^2	n
1987	3225 (1.33)	.8892 (5.865)	15,052	16,610	34.39	.393	54
1986	6634 (3.005)	.66515 (4.296)	13,534	15,637	18.45	.144	110
1985	8829 (5.241)	.576 (5.261)	13,429	16,565	27.67	.283	71
1984	6375 (2.305)	.901 (5.058)	14,394	19,351	25.58	.267	71
1983	4891 (2.392)	1.0974 (8.114)	13,846	20,088	65.83	.422	91
1982	12244 (3.454)	.6535 (2.485)	12,594	20,475	6.17	.076	76
1981	4020 (2.006)	1.14725 (6.456)	10,202	15,726	41.67	.394	65
1980	2704 (.685)	1.621 (3.825)	8,681	16,778	14.62	.283	38

There is a strong correlation between commitment income and survey income for each year tested. The estimated parameter is close to one for the years 1987, 1984, 1983 and 1981, ranging between .89 to 1.14. None of them are statistically different from "one" (the test statistic being the ratio of the estimated parameter less "one" over the standard error for the parameter). The estimated parameters for 1985 and 1986 are less than one and are statistically different from one. The estimated parameter for 1982 is also less than one, but is not statistically different from one, while the estimated parameter for 1980 is greater than one but not statistically different from one. Thus in only two years can the hypothesis, that there is a one-to-one relationship between administrative and survey data, be rejected.

Table 3.1.2 in Appendix I provides average payments for respondents to the RNH Client Survey. The correlation between

these payments and payment levels recorded at the time of commitment can be measured in much the same fashion as that between commitment and survey incomes.

However, only homeowner data for two years can be tested, since the commitment files prior to 1986 did not contain this information. The expectations are for a one-to-one relationship between commitment and survey payments. The difference between years due to inflation is captured by the intercept term. The results are shown in Table 3.2.2 below.

TABLE 3.2.2
REGRESSION RESULTS: THE RELATIONSHIP BETWEEN RNH HOMEOWNER PAYMENTS REPORTED IN THE CLIENT SURVEY AND AT THE TIME OF COMMITMENT

YEAR	ESTIMATED INTERCEPT ("t" stat.)	ESTIMATED PARAMETER FOR COMMITMENT PAYMENT ("t" stat.)	AVERAGE PAYMENT COMMITMENT YEAR	AVERAGE SURVEY PAYMENT 1988	F VALUE	ADJUSTED R^2	n
1986	734.06 (1.689)	.806 (6.252)	3,171	3,291	39.086	.2758	100
1987	956.90 (2.389)	.611 (6.322)	3,840	3,303	39.966	.3512	72

In both regressions, the results suggest that payments tend to be underreported. That is, once inflationary affects are controlled, survey payments are less than commitment payments by 20 - 35 per cent. A test of whether the parameters are significantly different from "one" suggests that this hypothesis cannot be rejected. Thus, it can be concluded that there was no likely systematic over or under reporting of payments during the survey of RNH clients done for this evaluation.

APPENDIX III TO CHAPTER III

Discussion of the Accuracy of the Estimated Payment-To-Income Ratios for RNH Clients

This Appendix discusses the possible reasons for the finding that over 30 per cent of RNH clients have estimated payment to income ratios above 25 per cent (Table 3.1 in the main text). This result is unexpected, and calls into question the accuracy of the estimates.

For example, if clients round-up or down in responding to the questions about income and payments, then estimated payment-to-income ratios will be unbiased, but the distribution around the average will be greater than the true distribution. There is no way to detect this effect from the survey data alone.

The payment for which information was requested in the survey was for a recent month, while the income was for the previous year. This timing difference could lead to higher estimated ratios, since current incomes, upon which current payments are based, are likely to be higher than the previous 12 months income. But this upwards bias would apply mostly to those who have had their payments recently adjusted. This hypothesis can be (imperfectly) tested using the survey data by estimating payment-to-income ratios only for households reporting payment adjustments within the last year, as is done in Table 3.3.1 below.

TABLE 3.3.1
ESTIMATED PAYMENT-TO-INCOME RATIOS FOR RNH CLIENTS REPORTING A PAYMENT ADJUSTMENT WITHIN THE LAST 12 MONTHS

	DISTRIBUTION				
	0-25%	25-30%	30% PLUS	MEAN	n
RNH TOTAL	68.5	17.5	14.1	.22	1,455
Homeowner	70.8	16.1	13.1	.22	1,104
Lease-Purchase	44.7	23.4	31.9	.28	52
Rental	55.4	25.4	19.1	.22	299

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

There is some (albeit slight) support for this hypothesis, as the average payment-to-income ratio for all RNH households reporting a recent payment adjustment is marginally lower than the average for all RNH households, while the percentage with

estimated payment-to-income ratios above 25 per cent is virtually the same.

There are also some real phenomena which may account for the higher estimated payment-to-income ratios in Table 3.1. For example, incomes for some clients may have fallen subsequent to the last time their payment was set. Even though the program guidelines provide for the payments to be lowered in such circumstances, this may not happen for a number of reasons, leading some clients paying more than the stated program standard. It is not possible to test for this possibility using the survey results.

Further the presence of welfare recipients (23 per cent of all RNH clients) may increase the number of clients paying above 25 per cent of income for their rent or mortgages. According to program guidelines, welfare clients are to pay the higher of 25 per cent of income or the shelter component of welfare. In practice, according to the Public Housing Evaluation, their payment is negotiated between the welfare agency and the housing agency in most provinces. The amount varies on a province by province basis and in most provinces is not related to a maximum percentage of total income. Hence it is quite possible for some welfare clients to pay above 25 per cent of their incomes for rent or mortgage and still be within program guidelines.

Also the maximum payment-to-income is higher for all RNH clients in New Brunswick and British Columbia (30 per cent) than in the other provinces. Approximately 14 per cent of RNH clients reside in these two provinces.

Tables 3.3.2 and 3.3.3 test these hypotheses, with positive results. The average payment-to-income ratio for non-welfare RNH clients is 21 per cent, with only 28.7 per cent having a payment-to-income ratio above 25 per cent. The average payment-to-income ratio outside of British Columbia and New Brunswick is 22 per cent and 30.6 per cent have payment-to-income ratios in excess of 25 per cent. These percentages are lower than the overall average payment-to-income ratio of 23 per cent and 31.6 per cent of all clients having payment-to-income ratios above 25 per cent. But these factors obviously do not provide a complete explanation.

For renters, surcharges are often applied to pay for electricity used for non-heating purposes, even though these charges are included in the definition of affordable rent contained in the F/P/T Global Housing Agreements. Also surcharges for items not included in the definition of affordable rent may have been included in the rents reported in the RNH Clients Survey. In both cases, rents would tend to exceed 25 per cent of income. Finally, some renters make their own heating payments and may be inadequately reimbursed.

TABLE 3.3.2
ESTIMATED PAYMENT-TO-INCOME RATIOS FOR RNH CLIENTS NOT IN SOCIAL ASSISTANCE

	DISTRIBUTION				
	0-25%	25-30%	30% PLUS	MEAN	n
RNH TOTAL	71.3	15.6	13.1	.21	1,408
Homeowner	74.7	14.0	11.3	.21	1,086
Lease-Purchase	51.6	23.2	25.2	.26	39
Rental	54.3	23.6	22.1	.24	283

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

TABLE 3.3.3
ESTIMATED PAYMENT-TO-INCOME RATIOS FOR RNH CLIENTS IN ALL PROVINCES EXCEPT NEW BRUNSWICK AND BRITISH COLUMBIA

	DISTRIBUTION				
	0-25%	25-30%	30% PLUS	MEAN	n
RNH TOTAL	69.5	16.0	14.6	.22	1,513
Homeowner	72.4	14.6	13.1	.21	1,086
Lease-Purchase	55.8	17.2	27.1	.25	40
Rental	51.5	22.0	20.6	.23	387

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

To conclude, the evaluation findings that more than 30 per cent of RNH clients are paying over 25 per cent of their incomes to government for their mortgage or rent probably reflects a mix of random measurement errors as well as real phenomena such as lagging payment adjustments and rent surcharges. There is insufficient information to determine with any precision the percentage due to real situations and to random errors, and hence by how much the estimate is overstated. This is a subject which requires further research. In the meantime, the caveats outlined in this Appendix should be noted in considering the results of the RNH survey with respect to the affordability analysis.

This is not to suggest that the results are wholly inaccurate, however. A large sample was drawn to reduce sampling error. The survey was conducted over the telephone or in person and in the language of the respondent, to maintain the accuracy of

the data collected from the survey. Correlations between administrative data collected at the time of commitment and through the survey appear to be reasonably strong. And finally, the average payment-to-income ratios accord with expected results. In other words, the survey results may not be precise, but they are indicative of reality.

APPENDIX IV TO CHAPTER III: SAMPLE SIZES

TABLE 3.4.1
SAMPLE SIZES FOR AFFORDABILITY SECTION

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	1,348	59	401	1,808	103
PROVINCE/REGION					
ATLANTIC	491	13	23	527	41
Newfoundland	223	N/A	N/A	223	12
P.E.I.	23	2	8	33	2
Nova Scotia	123	8	N/A	131	19
New Brunswick	122	3	15	140	8
QUEBEC	N/A	N/A	177	177	24
ONTARIO	170	27	2	199	12
PRAIRIE	511	3	154	668	15
Manitoba	111	3	79	193	10
Saskatchewan	169	N/A	61	230	5
Alberta	231	N/A	14	245	N/A
BRITISH COLUMBIA	141	16	N/A	157	5
TERRITORIES	35	N/A	45	80	6
N.W.T.	33	N/A	45	78	N/A
Yukon	2	N/A	N/A	2	6
LOCATION					
Remote	340	2	193	535	42
Non-remote	1,008	57	208	1,273	61
NATIVE	400	23	235	658	60
Remote	178	0	144	322	32
Non-remote	222	23	91	336	28
YEAR OF COMMITMENT					
Pre-1981	553	3	93	649	N/A
1981-1985	584	6	114	704	N/A
Post-1985	208	50	194	452	103
F/P BSP (N.B.)	46				
F/T HAP (N.W.T.)	51				

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

TABLE 3.4.2
SAMPLE SIZES FOR ADEQUACY
(REPAIR NEED AND BASIC FACILITIES) SECTION

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	1,973	75	611	2,659	132
PROVINCE/REGION					
ATLANTIC	698	15	26	739	48
Newfoundland	315	N/A	N/A	315	16
P.E.I.	32	4	10	46	3
Nova Scotia	185	8	N/A	193	20
New Brunswick	166	3	16	185	9
QUEBEC	N/A	N/A	209	209	26
ONTARIO	208	30	2	240	12
PRAIRIE	827	6	292	1,125	33
Manitoba	199	6	171	376	17
Saskatchewan	331	N/A	98	429	16
Alberta	297	N/A	23	320	N/A
BRITISH COLUMBIA	182	24	N/A	206	5
TERRITORIES	58	N/A	82	140	8
N.W.T.	51	N/A	82	133	N/A
Yukon	7	N/A	N/A	7	8
LOCATION					
Remote	569	4	297	870	64
Non-remote	1,404	71	314	1,789	68
NATIVE	617	25	329	971	85
Remote	318	1	215	534	52
Non-remote	299	24	114	437	33
YEAR OF COMMITMENT					
Pre-1981	891	3	165	1,059	N/A
1981-1985	825	6	172	1,003	N/A
Post-1985	254	66	274	594	132
F/P BSP (N.B.)	59				
F/T HAP (N.W.T.)	72				

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: The sample n's presented are applicable to Tables 3.5, 3.8.

TABLE 3.4.3
SAMPLE SIZES FOR SUITABILITY (CROWDING) SECTION

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	1,970	75	609	2,654	132
PROVINCE/REGION					
ATLANTIC	698	15	25	738	48
Newfoundland	315	N/A	N/A	315	16
P.E.I.	32	4	9	45	3
Nova Scotia	185	8	N/A	193	20
New Brunswick	166	3	16	185	9
QUEBEC	N/A	N/A	208	208	26
ONTARIO	208	30	2	240	12
PRAIRIE	827	6	292	1,125	33
Manitoba	199	6	171	376	17
Saskatchewan	331	N/A	98	429	16
Alberta	297	N/A	23	320	N/A
BRITISH COLUMBIA	181	24	N/A	205	5
TERRITORIES	56	N/A	82	138	8
N.W.T.	49	N/A	82	131	N/A
Yukon	7	N/A	N/A	7	8
LOCATION					
Remote	567	4	296	867	64
Non-remote	1,403	71	313	1,787	68
NATIVE	616	25	328	969	85
Remote	317	1	215	533	52
Non-remote	299	24	113	436	33
YEAR OF COMMITMENT					
Pre-1981	890	3	165	1,058	N/A
1981-1985	823	6	172	1,001	N/A
Post-1985	254	66	272	592	132
F/P BSP (N.B.)	59				
F/T HAP (N.W.T.)	71				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

TABLE 3.4.4
SAMPLE SIZES FOR HOUSING PROBLEMS AND CORE NEED SECTION

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	1,348	59	401	1,808	103
PROVINCE/REGION					
ATLANTIC	491	13	23	527	41
Newfoundland	223	N/A	N/A	223	12
P.E.I.	23	2	8	33	2
Nova Scotia	123	8	N/A	131	19
New Brunswick	122	3	15	140	8
QUEBEC	N/A	N/A	177	177	24
ONTARIO	170	27	2	199	12
PRAIRIE	511	3	154	668	15
Manitoba	111	3	79	193	10
Saskatchewan	169	N/A	61	230	5
Alberta	231	N/A	14	245	N/A
BRITISH COLUMBIA	141	16	N/A	157	5
TERRITORIES	35	N/A	45	80	6
N.W.T.	33	N/A	45	78	N/A
Yukon	2	N/A	N/A	2	6
LOCATION					
Remote	340	2	193	535	42
Non-remote	1,008	57	208	1,273	61
NATIVE	400	23	235	658	60
Remote	178	0	144	322	32
Non-remote	222	23	91	336	28
YEAR OF COMMITMENT					
Pre-1981	553	3	93	649	N/A
1981-1985	584	6	114	704	N/A
Post-1985	208	50	194	452	103
F/P BSP (N.B.)	46				
F/T HAP (N.W.T.)	51				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

TABLE 3.4.5
SAMPLE SIZES FOR POST-1985 CORE NEED SECTION

	HOME-OWNER	LEASE-PURCHASE	RENTAL	TOTAL REGULAR	DEMON-STRATION
CANADA	208	50	194	452	103
PROVINCE/REGION					
ATLANTIC	81	13	23	117	41
Newfoundland	18	N/A	N/A	18	12
P.E.I.	8	2	8	18	2
Nova Scotia	26	8	N/A	34	19
New Brunswick	29	3	15	47	8
QUEBEC	N/A	N/A	111	111	24
ONTARIO	51	18	N/A	69	12
PRAIRIE	42	3	15	60	15
Manitoba	9	3	15	27	10
Saskatchewan	0	N/A	N/A	0	5
Alberta	33	N/A	N/A	33	N/A
BRITISH COLUMBIA	32	16	N/A	48	5
TERRITORIES	2	N/A	45	47	6
N.W.T.	N/A	N/A	45	45	N/A
Yukon	2	N/A	N/A	2	6
LOCATION					
Remote	18	2	113	133	42
Non-remote	190	48	81	319	61
NATIVE	52	20	99	171	60
Remote	12	0	73	85	32
Non-remote	40	20	26	86	28
F/P BSP (N.B.)	46				
F/T HAP (N.W.T.)	51				

SOURCE: RNH Client Survey, and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

APPENDIX V TO CHAPTER III

TABLE 3.5.1
DISTRIBUTION OF REPAIR NEED BY PROVINCE/TERRITORY
TOTAL PORTFOLIO
(%)

PROVINCE/ TERRITORY	REGULAR MAINTENANCE	MINOR REPAIRS	MAJOR REPAIRS
Newfoundland	38.4	34.8	26.8
Prince Edward Island	32.1	53.0	14.9
Nova Scotia	42.7	38.3	19.0
New Brunswick	35.2	54.5	10.3
Quebec	70.7	25.0	4.3
Ontario	69.5	19.1	11.5
Manitoba	43.6	46.0	10.5
Saskatchewan	45.0	50.2	4.8
Alberta	66.6	27.0	6.4
British Columbia	44.6	40.4	15.0
Northwest Territories	62.3	32.0	5.7
Yukon	-	-	-

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 3.5.2
DISTRIBUTION OF REPAIR NEED BY PROVINCE/TERRITORY
PRE-1981 UNITS
(%)

PROVINCE/ TERRITORY	REGULAR MAINTENANCE	MINOR REPAIRS	MAJOR REPAIRS
Newfoundland	26.7	34.5	38.8
Prince Edward Island	-	-	-
Nova Scotia	15.5	53.0	31.5
New Brunswick	31.0	56.4	12.7
Quebec	66.9	18.0	15.2
Manitoba	27.6	55.7	16.7
Saskatchewan	34.3	59.0	6.6
Alberta	50.2	36.1	13.7
British Columbia	40.4	40.8	18.9
Northwest Territories	-	-	-
Yukon	-	-	-

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 3.5.3
DISTRIBUTION OF REPAIR NEED BY PROVINCE/TERRITORY
1981-1985 UNITS
(%)

PROVINCE/ TERRITORY	REGULAR MAINTENANCE	MINOR REPAIRS	MAJOR REPAIRS
Newfoundland	42.8	35.0	22.3
Prince Edward Island	-	-	-
Nova Scotia	56.7	30.8	12.5
New Brunswick	44.8	50.0	5.2
Quebec	40.7	55.1	4.2
Ontario	63.6	21.8	14.6
Manitoba	59.4	37.9	2.7
Saskatchewan	73.5	26.5	0.0
Alberta	71.7	24.6	3.7
British Columbia	38.8	45.4	15.8
Northwest Territories	58.4	36.1	5.5
Yukon	-	-	-

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

TABLE 3.5.4
DISTRIBUTION OF REPAIR NEED BY PROVINCE/TERRITORY
POST-1985 UNITS
(%)

PROVINCE/ TERRITORY	REGULAR MAINTENANCE	MINOR REPAIRS	MAJOR REPAIRS
Newfoundland	77.3	21.1	1.6
Prince Edward Island	37.9	54.0	8.2
Nova Scotia	78.0	18.9	3.1
New Brunswick	35.1	55.1	9.9
Quebec	76.1	19.7	4.3
Ontario	84.3	14.9	0.8
Manitoba	76.7	19.5	3.8
Saskatchewan	-	-	-
Alberta	89.1	10.9	0.0
British Columbia	63.2	34.2	2.6
Northwest Territories	64.3	34.5	4.3
Yukon	-	-	-

SOURCE: RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

APPENDIX VI TO CHAPTER III

TABLE 3.6.1
HOUSING CHARACTERISTICS OF RNH HOUSEHOLDS
BY PROGRAM AND HOUSEHOLD TYPE

HOUSEHOLD TYPE	AVERAGE SHELTER COST $	AVERAGE SHELTER-TO-INCOME %	AFFORD-ABILITY PROBLEM %	LACKS FACIL. %	MAJOR REPAIR %	ADEQ-UACY %	CROWDED %
REGULAR HOMEOWNER AND F/P BASIC SHELTER							
Single-person	3,877	0.41	67.3	0.0	14.0	14.0	0.0
Single-parent	4,257	0.41	71.1	0.7	14.5	15.1	13.6
Couple no child.	4,592	0.36	67.5	2.1	6.1	7.8	0.0
Couple with children	5,446	0.33	50.8	1.6	12.3	13.7	11.7
Extended family	4,330	0.38	57.7	11.2	10.8	22.0	58.5
Other	4,612	0.39	68.7	4.3	21.3	23.0	37.9
RENTAL AND LEASE-PURCHASE							
Single-person	2,662	0.33	39.1	0.8	3.3	4.0	0.9
Single-parent	3,489	0.36	55.9	2.2	0.8	2.9	27.9
Couple no child.	2,879	0.24	35.9	0.0	3.4	3.4	21.9
Couple with children	3,692	0.30	28.9	4.1	6.2	10.4	24.1
Extended family	-	-	-	-	-	-	-
Other	3,235	0.33	47.4	24.0	5.3	29.2	49.9
DEMONSTRATION							
Single-person	-	-	-	-	-	-	-
Single-parent	-	-	-	-	-	-	-
Couple no child.	-	-	-	-	-	-	-
Couple with children	1,772	0.12	1.4	7.2	6.8	14.0	16.7
Extended family	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
F/T HAP							
Single-person	-	-	-	-	-	-	-
Single-parent	-	-	-	-	-	-	-
Couple no child.	-	-	-	-	-	-	-
Couple with children	3,920	0.12	6.7	0.0	0.0	0.0	33.3
Extended family	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	-	-	-	-	-	-	-

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

APPENDIX I TO CHAPTER IV

The main text to this report compares the average incomes of RNH households with the average incomes of rural core need households. The findings are that RNH households tend to have higher incomes than rural core need households, suggesting even though the programs are targeted to those with incomes below the CNIT, that the distribution does not reflect the distribution of incomes below the CNIT.

A difficulty with this analysis is that the CNIT used to define core need with the HIFE data, in a particular area, may be lower than the CNIT used to identify core need for the program. If so, then the average incomes of core need households identified using the HIFE data would tend to be lower than the average incomes of RNH clients, invalidating the conclusion that households are not being served in proportion to their representation in the core need population. Another difficulty is that the definition of rural for the HIFE data file (areas with a concentration of less than 1,000 people per square mile) differs from the definition of rural used for program purposes (rural areas plus towns and villages of 1,000 to 2,500 in population). It is entirely possible that average incomes in the areas defined as rural for the HIFE may be lower than average incomes in the areas defined as rural for program purposes, which again would invalidate the conclusions.

One approach to resolve these potential problems is to divide the household incomes from the HIFE data file by the Core Need Income Threshold, and to compare the result with a similar calculation using the RNH client data. This approach standardises for location differences since the CNIT varies by location. Also, it standardises for differences in CNIT levels within one area between the HIFE core need definition and the RNH program core need definition.

The results of this calculation for the HIFE data are shown in Table 4.1.1, while the results for the RNH program are shown in Table 4.1.2.

TABLE 4.1.1
AVERAGE INCOME-TO-CNIT RATIO
BY HOUSEHOLD TYPE - HIFE 1988
%

HOUSEHOLD TYPE	URBAN AREAS			RURAL AREAS		
	CORE NEED	NON-CORE NEED	TOTAL	CORE NEED	NON-CORE NEED	TOTAL
Single-person	0.60	1.73	1.39	0.57	1.49	1.24
Single-parent	0.60	1.69	1.32	0.62	1.81	1.49
Couple no child.	0.71	2.61	2.48	0.68	2.38	2.28
Couple with child.	0.72	2.62	2.52	0.70	2.41	2.32
Extended family	0.74	2.70	2.63	-	2.78	2.74
Other	0.75	1.92	1.73	-	2.01	1.83
ALL HOUSEHOLDS	0.63	2.35	2.09	0.64	2.28	2.11

SOURCE: Survey of Household Facilities and Equipment, Statistics Canada, 1988.
NOTE: "-" indicates less than 50 cases.

TABLE 4.1.2
AVERAGE INCOME-TO-CNIT RATIO
BY HOUSEHOLD TYPE AND BY RNH PROGRAM
%

HOUSEHOLD TYPE	HOMEOWNER (INCL. BSP)	RENTAL (INCL. LTP)	TOTAL REGULAR	DEMON-STRATION	F/T HAP
Single-person	0.64	0.58	0.61	-	-
Single-parent	0.58	0.45	0.57	-	-
Couple no child.	0.93	0.68	0.88	-	-
Couple with child.	0.95	0.62	0.92	0.74	0.93
Extended family	0.59	-	0.56	-	-
Other	0.61	0.49	0.58	-	-
ALL HOUSEHOLDS	0.82	0.57	0.78	0.69	0.89

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.
NOTE: "-" indicates less than 20 cases.

A comparison of these two tables clearly shows that overall, the average real incomes of clients served under the RNH programs (0.78) is higher than the average real income of core need households (0.64). This means that the rural core need

population is not being served in proportion to their representation in the core need population. It further shows that only the average real income of clients served under the Rental programs approaches that of the average "real" income of rural core need households.

APPENDIX I TO CHAPTER V

Logistic Regression of Factors Influencing Client Perceptions of Improvement in Dwelling Conditions

Logistic regression was used to determine the size of the influence of various housing and household characteristics in the household's perceptions of the improvement in their housing condition as a result of moving into a unit financed under the RNH program. The data used for the regression analysis is from the client survey done for the evaluation. In all, there were 1,893 observations.

TABLE 5.1.1
POSSIBLE PREDICTORS OF IMPROVEMENT IN LIVING CONDITION

VARIABLE NAME		VARIABLE LABEL
LIVCOND	-	Client rating of whether living conditions in current dwelling are better or worse than before (1,0).
	-	The percentage of much better condition is 60.2.
OWNPREV	-	Previous tenure of client (1,0).
	-	Average is 0.286.
SHARED	-	Whether household shared its previous accommodation (1,0).
	-	Average is 0.164.
SUITABLE	-	Whether current accommodation is unsuitable according to National Occupancy Standards (1,0).
	-	Average is 0.164.
AFFORD	-	Whether current accommodation costs were over 30 per cent of income (1,0).
	-	Average is 0.508.
MAJOR	-	Whether current accommodation requires major repairs (1,0).
	-	Average is 0.122.
NATIVE	-	Occupant is Native (1,0).
	-	Average is 0.349.
NUMPEOP	-	Number of people in the household.
	-	Average is 3.78.

CNITRTIO - Ratio of household income to Core Need Income Threshold.
- Average is 0.728.

OWNER - If the program under which the unit is financed is the Regular Homeowner, BSP, HAP or DEMO (1,0).
- Average is 0.739.

ARREARS - Whether the household is in arrears (1,0).
- Average is 0.305.

PROVINCE - A binary variable

-	Newfoundland	0.128
-	Nova Scotia	0.070
-	New Brunswick	0.119
-	Quebec	0.092
-	Manitoba	0.103
-	Saskatchewan	0.113
-	Alberta	0.131
-	British Columbia	0.079

TABLE 5.1.2
LOGISTIC REGRESSION OF IMPROVEMENT
IN LIVING CONDITION

MODEL CHI-SQUARE = 174.10 WITH 18 D.F.
ADJUSTED R^2 = 0.055 R^2 = .070

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	0.84856721	0.23524126	3.607	0.0003
OWNPREV	-0.15706057	0.11554458	-1.359	0.1740
SHARED	0.16794922	0.13976703	1.201	0.2295
SUITABLE	-0.69602074	0.15908859	-4.375	0.0000
AFFORD	-0.35995563	0.12167249	-2.958	0.0031
MAJOR	-0.85035898	0.15426149	-5.512	0.0000
NATIVE	-0.18404592	0.12395543	-1.484	0.1376
NUMPEOP	0.06061024	0.03313776	1.829	0.0674
CNITRTIO	0.13556880	0.13290858	1.020	0.3077
OWNER	0.20284960	0.14833584	1.367	0.1715
ARREARS	-0.25777339	0.11723628	-2.198	0.0279
NFLD	0.18359008	0.20904952	0.878	0.3798
NS	-0.02551898	0.23978801	-0.106	0.9152
NB	0.65352748	0.21990261	2.971	0.0030
QUE	-0.27633940	0.23158925	-1.193	0.2328
MAN	-0.68352623	0.20160808	-3.390	0.0007
SASK	-0.94374113	0.19548079	-4.827	0.0000
ALTA	-0.46702505	0.18861495	-2.476	0.0133
BC	-0.43014569	0.21813858	-1.971	0.0486

NOTE: Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model. R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

Collinearity Diagnostics

Collinearity among the independent variables can increase the estimated standard errors for the parameters, harming the use of regression as a basis for hypothesis testing. Diagnostics for the presence of collinearity among the independent variables have been developed by D.A. Belsey, E. Kah, and R.E. Welsch. The test involves the calculation of so called "condition indices". There are as many condition indices calculated as there are independent variables. Belsey "et al" suggest that one (or more) condition indices of over 30 would be indicative of the presence of one (or more) collinear relationships. The test also involves the calculation of a

"variance-decomposition proportion" for each variable for each condition index. The variables involved in the collinear relationship can be identified by selecting those with variance-decomposition proportions above .50 which are also associated with a condition index above 30.

The following table reports the condition indices and variance-decomposition proportions for all the condition indices above 10 for this regression.

TABLE 5.1.3
COLLINEARITY DIAGNOSTICS FOR
LIVING CONDITION IMPROVEMENT REGRESSION

	CONDITION INDEX 13.349506
VARIABLE	**VARIANCE-DECOMPOSITION PROPORTIONS**
INTERCEPT	.9938
OWNPREV	.0072
SHARED	.0093
SUITABLE	.0078
AFFORD	.1702
MAJOR	.0030
NATIVE	.0623
NUMPEOP	.1854
CNITRTIO	.2262
OWNER	.0788
ARREARS	.0017
NFLD	.0658
NS	.0387
NB	.1315
QUEBEC	.3400
MAN	.1053
SASK	.1066
ALTA	.0915
BC	.0276

Specification Error Test

A test for omitted variables in a logistic regression has been developed by R.F. Engle (1984). The test is one of the Lagrange Multiplier class of test. The test statistic is asymptotically equivalent to TR^2 of the OLS regression of U on X where:

$$U = (Y_t - P_t)/(P_t(1-P_t))^{1/2}$$

$$X = X_t\ (P_t(1-P_t))^{1/2}$$

P_t is the estimated probability that observation 't' has a value of one and;
Y_t is the actual value of the 't'th observation; and T is the total number of observations.

This statistic approaches zero under the null hypothesis of no omitted variables and is compared to a chi-squared distribution with one degree of freedom. At the 90 per cent confidence level, the critical value is 2.71 while for the 95 per cent confidence level, it is 3.84. Davidson and MacKinnon (1984) have done some experiments to test the power of this and equivalent statistics, in particular the explained sum of squares for the above regression. The result of applying this test to this regression is a TR^2 of .189. The explained sum of squares is .134. Thus the null hypothesis that there are no omitted variables can be accepted.

APPENDIX II TO CHAPTER V

Logistic Regression of Factors Influencing Client Satisfaction Levels

Logistic regression was used to determine the size of the influence of various housing and household characteristics on the household's expressed satisfaction with their dwelling and the nearby area (Table 5.2.2). The data used for the analysis is from the client survey. In all, there were 1,301 observations.

TABLE 5.2.1
POSSIBLE PREDICTORS FOR CLIENT SATISFACTION

VARIABLE NAME		VARIABLE LABEL
SATHOME	-	Client satisfaction for logistic regression (1,0) the percentage of satisfied clients is 48.9.
OWNPREV	-	Previous tenure of client (1,0).
	-	Average is 0.337.
SHARED	-	Whether the household shared its previous accommodation (1,0).
	-	Average is 0.175.
SUITABLE	-	Whether current accommodation is unsuitable according to the National Occupancy Standards (1,0).
	-	Average is 0.168.
AFFORD	-	Whether current accommodation costs more than 30 per cent of income (1,0).
	-	Average is 0.474.
MAJOR	-	Whether current accommodation requires major repairs (1,0).
	-	Average is 0.109.
NATIVE	-	Whether current household claims Native descent (1,0).
	-	Average is 0.367.
CNITRTIO	-	Ratio of household income to Core Need Income Threshold.
	-	Average is 0.737.
NUMYRS	-	Number of years of occupancy.
	-	Average is 6.01.

DESCONST	-	Occupant rating of extent of involvement in design or construction on a scale of 1 to 5.
	-	Average is 2.008.
SINGLE	-	Single-detached unit (1,0).
	-	Average is 0.850.
RDSTRIP	-	Unit is on road strip (1,0).
	-	Average is 0.270.
Q2B	-	Unit livable floor area (square metres).
	-	Average is 90.858.
Q2D	-	Number of bathrooms.
	-	Average is 1.046.
FULL	-	Unit has a full or partial basement (1,0).
	-	Average is 0.727.
Q6B1A	-	Exterior wall is masonry veneer (1,0).
	-	Average is 0.080.
Q6B1C	-	Exterior wall is fibreboard siding (1,0).
	-	Average is 0.413.
Q6B1D	-	Exterior wall is aluminium siding (1,0).
	-	Average is 0.103.
Q6B1E	-	Exterior wall is vinyl siding (1,0).
	-	Average is 0.282.
Q6B1F	-	Exterior wall is stucco (1,0).
	-	Average is 0.059.
CASEMENT	-	Casement window (1,0).
	-	Average is 0.261.
VSLIDER	-	Vertical sliding window (1,0).
	-	Average is 0.099.
SGLAZE	-	Window glazing - single (1,0).
	-	Average is 0.086.
Q5E2	-	Combination furnace (1,0).
	-	Average is 0.272.

TABLE 5.2.2
LOGISTIC REGRESSION OF FACTORS INFLUENCING CLIENT SATISFACTION

MODEL CHI-SQUARE = 239.98 WITH 23 D.F.
ADJUSTED R^2 = .108 R^2 = .133

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	.3198	.4093	.781	.4345
OWNPREV	.1141	.1363	.837	.4027
SHARED	.0622	.1655	.375	.7073
SUITABLE	-.2168	.1787	-1.213	.2250
AFFORD	-.3276	.1486	-2.203	.0275
MAJOR	-.8508	.2202	-3.863	.0001
NATIVE	-.6513	.1480	-4.397	.0000
CNITRTIO	-.1053	.1598	-.961	.5097
NUMYRS	-.0731	.0187	-3.909	.0001
DESCONST	.2761	.0432	6.378	.0000
SINGLE	-.5282	.2391	-2.209	.0272
RDSTRIP	.2950	.1539	1.916	.0552
Q2B	-.0058	.0030	-1.933	.0594
Q2D	.7221	.2190	3.296	.0010
FULL	.4041	.1676	2.411	.0160
Q6B1A	-.0546	.2699	-.202	.8395
Q6B1C	-.0806	.1817	-.444	.6571
Q6B1D	.0032	.2348	.013	.9890
Q6B1E	.0632	.2074	.304	.7605
Q6B1F	.6487	.2962	2.190	.0285
CASEMENT	-.2552	.1547	-1.649	.0990
VSLIDER	.2295	.2167	1.059	.2895
SGLAZE	-.0863	.2344	-.368	.7126
Q5E2	-.2643	.1499	-1.763	.0780

NOTE: Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model. R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

Collinearity Diagnostics

Collinearity among the independent variables can increase the estimated standard errors for the parameters, harming the use of regression as a basis for hypothesis testing. Diagnostics for the presence of collinearity among the independent variables have been developed by D.A. Belsey, E. Kah, and R.E. Welsch. The test involves the calculation of a so called

"condition index". There are as many condition indices calculated as there are independent variables. Belsey "et al" suggest that one or more condition indices of over 30 would be indicative of the presence of one or more collinear relationships. The test also involves the calculation of a "variance-decomposition proportion" for each variable for each condition index. The variables involved in the collinear relationship could be identified by selecting those with variance decomposition proportions above .50 which are also associated with a condition index above 30.

The following table reports the condition indices and variance-decomposition proportions for all the condition indices above 10 for this regression.

TABLE 5.2.3
COLLINEARITY DIAGNOSTICS FOR CLIENT SATISFACTION REGRESSION

	CONDITION INDEX			
	10.137	12.302	15.296	23.475
VARIABLE	**VARIANCE-DECOMPOSITION PROPORTIONS**			
INTERCEPT	.0072	.0009	.0203	.9689
OWNPREV	.0186	.0008	.0000	.0105
SHARED	.0012	.0019	.0021	.0104
SUITABLE	.0017	.0067	.0010	.0183
AFFORD	.1058	.0672	.0001	.0386
MAJOR	.0019	.0006	.0031	.0000
NATIVE	.1039	.0091	.1136	.0246
CNITRATIO	.1797	.0696	.0025	.0472
NUMYRS	.0059	.1196	.0145	.0203
DESCONST	.0507	.1138	.0083	.0014
SINGLE	.0000	.7915	.1723	.0231
RDSTRIP	.0045	.0000	.0020	.0328
Q2B	.0463	.0172	.5889	.3409
Q2D	.4074	.0944	.4008	.0896
FULL	.0668	.0018	.0117	.0085
Q6B1A	.0531	.1044	.0720	.0641
Q6B1C	.1203	.0502	.0286	.0560
Q6B1D	.0553	.0183	.0204	.0170
Q6B1E	.1195	.0647	.0423	.0577
Q6B1F	.0538	.0201	.0254	.0534
CASEMENT	.0290	.0073	.0000	.0490
VSLIDER	.0018	.0222	.0058	.0109
SGLAZE	.0047	.0000	.0096	.0024
Q5E2	.0063	.0169	.0063	.0001

Specification Error Test

A test for omitted variables in a logistic regression has been developed by R.F. Engle (1984). The test is one of the Lagrange Multiplier class of test. The test statistic is asymptotically equivalent to TR^2 of the regression of U on X where

$$U = (Y_t - P_t)/(P_t(1-P_t))^{1/2}$$

$$X = X_t\ (P_t(1-P_t))^{1/2}$$

P_t is the estimated probability that observation 't' has a value of one and;
Y_t is the actual value of the 't'th observation; and T is the total number of observations.

This statistic approaches zero under the null hypothesis of no omitted variables and is compared to a chi-squared distribution with one degree of freedom. At the 90 per cent confidence level, the critical value is 2.71 while for the 95 per cent confidence level, it is 3.84. Davidson and MacKinnon (1984) have done some experiments to test the power of this and equivalent statistics in particular the explained sum of squares for the above regression. The result of applying this test to this regression is a TR^2 of 3.12. The explained sum of squares is 3.20. Thus the null hypothesis that there are no omitted variables can be rejected at the 95 per cent confidence level, but not the 90 per cent confidence level.

APPENDIX III TO CHAPTER V

TABLE 5.3.1
SAMPLE SIZE FOR TABLES 5.4 TO 5.7
HOUSING ATTRIBUTES BY HOUSEHOLD TYPE
n

HOUSEHOLD TYPE	RNH OWNER	RNH RENTER	DEMON-STRATION	F/T HAP
TOTAL PORTFOLIO				
Single-person	93	168	6	2
Single-parent	449	141	20	3
Couple no children	124	61	3	2
Couple with children	1,143	247	85	64
Extended family	67	18	5	0
Other	110	42	13	1
ALL HOUSEHOLDS	1,986	677	132	72
NATIVE				
Single-person	26	25	3	2
Single-parent	165	84	10	3
Couple no children	35	30	3	2
Couple with children	304	165	56	63
Extended family	32	13	3	0
Other	55	34	10	1
ALL HOUSEHOLDS	617	351	85	71
REMOTE				
Single-person	29	42	2	2
Single-parent	111	55	6	3
Couple no children	36	31	2	2
Couple with children	309	139	44	64
Extended family	35	12	2	0
Other	46	20	8	1
ALL HOUSEHOLDS	566	299	64	72
LOWER TWO QUARTILES OF INCOME-TO-CNIT RATIO				
Single-person	41	65	4	1
Single-parent	228	91	11	1
Couple no children	35	25	0	1
Couple with children	264	116	29	10
Extended family	15	6	0	0
Other	56	20	7	0
ALL HOUSEHOLDS	639	323	51	13

SOURCE: RNH Client Survey and RNH Physical Condition Survey, Program Evaluation Division, CMHC, 1989.

TABLE 5.3.2
SAMPLE SIZE FOR TABLE 5.11
SATISFACTION WITH LOCATION, SPACE, DESIGN, AND STORAGE

	LOCATION SATISFIED n	LIVING SPACE SATISFIED n	DESIGN SATISFIED n	STORAGE SPACE SATISFIED n
ALL PROGRAMS	2,933	2,970	2,924	2,929
PROGRAM				
RNH REGULAR	2,670	2,707	2,661	2,666
Homeowner	1,985	2,012	1,980	1,981
Lease-Purchase	78	80	78	78
Rental	607	615	603	607
RNH Demonstration	132	132	132	132
F/P BSP (N.B.)	59	59	59	59
F/T HAP (N.W.T.)	72	72	72	72
PROVINCE/TERRITORY				
Newfoundland	333	336	332	332
P.E.I.	49	49	49	49
Nova Scotia	215	215	215	215
New Brunswick	253	253	253	253
Quebec	237	237	236	237
Ontario	246	256	246	245
Manitoba	399	399	395	399
Saskatchewan	429	449	428	428
Alberta	330	330	328	330
British Columbia	226	226	226	226
N.W.T.	201	205	201	200
Yukon	15	15	15	15
LOCATION				
Remote	1,017	1,022	1,009	1,014
Non-remote	1,916	1,948	1,915	1,915
NATIVE				
Remote	664	668	659	663
Non-remote	469	485	469	469

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

TABLE 5.3.3
SAMPLE SIZE FOR TABLE 5.12
OVERALL SATISFACTION WITH DWELLING
AND NEARBY AREA

	SATISFIED REMOTE n	SATISFIED NON-REMOTE n	SATISFIED ALL n
ALL PROGRAMS	1,004	1,906	2,910
PROGRAM			
RNH REGULAR	869	1,781	2,650
Homeowner	568	1,403	1,971
Lease-Purchase	4	73	77
Rental	297	305	602
RNH Demonstration	64	67	131
F/P BSP (N.B.)	N/A	58	58
F/T HAP (N.W.T.)	71	N/A	71
PROVINCE/TERRITORY			
Newfoundland	165	168	333
Prince Edward Island	N/A	49	49
Nova Scotia	N/A	216	216
New Brunswick	N/A	250	250
Quebec	130	107	237
Ontario	27	219	246
Manitoba	163	229	392
Saskatchewan	189	233	422
Alberta	70	256	326
British Columbia	46	179	225
Northwest Territories	199	N/A	199
Yukon	15	N/A	15
ETHNICITY			
Native	654	465	1,119
Non-Native	344	1,433	1,777

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

TABLE 5.3.4
SAMPLE SIZE FOR TABLE 5.15
OVERALL SATISFACTION BY LENGTH OF OCCUPANCY

PROGRAM	UNDER 3 YRS. n	3 TO 5 YRS. n	5 TO 10 YRS. n	10 YRS. PLUS n
PROGRAM				
RNH REGULAR	563	432	801	607
Homeowner	271	341	734	538
Lease-Purchase	54	4	N/A	N/A
Rental	238	87	67	69
RNH Demonstration	92	18	N/A	N/A
F/P BSP (N.B.)	35	12	4	2
F/T HAP (N.W.T.)	46	8	5	N/A

SOURCE: RNH Client Survey, Program Evaluation Division, CMHC, 1989.

APPENDIX I TO CHAPTER VIII

Technical Assessment of Factors Affecting Need for Repair

This appendix applies regression analysis to help explain the factors relating to need for repair for units in the Regular homeowner stock. Due to the large number of factors that could have an impact on repair need, the use of "linear regression" techniques is the most suitable method of analysis. Linear regression is a statistical technique through which one can analyse the relationship between a dependent variable and a set of independent variables or predictors. This technique is useful in that it controls for other confounding factors in order to evaluate the contribution of a specific variable or set of variables. For example, if one wants to find out the impact of education and age (independent variables) on income (dependent variable), it is useful to know the impact of education on income while controlling for the influence of age on income.

The dependent variable is COSTO - inspector estimate of total cost of repairs. This is a continuous variable with an average value of $2,875.59.

The initial model regressed 30 independent factors (plus a constant) on this dependent variable. Table 8.1.1 describes the variables used and Table 8.1.2 gives the results of the analysis. The estimated parameters were tested for statistical significance. Statistical significance is based on the criterion that the T value should be ±1.65 (at alpha 0.10 for a two-tailed test). A further indicator of statistical significance is a P value of 0.08 or lower.

Regression Results

The F-statistic tests if the coefficients derived in the model are 0 except for the intercept. The model F value is 14.534. This value is greater than the critical value of 1.75 at an alpha level of .05, indicating the model is highly significant.

The R (correlation coefficient) value for the final model is +0.48 while the R^2 (coefficient of determination) is 0.23. R indicates the degree and the direction to which variation in the dependent variable is associated with variations in the independent variables taken simultaneously. R^2 measures the proportion of variation explained by the model. The result indicates that 23 per cent of the variation in repair cost can be explained by the independent variables.

TABLE 8.1.1
POSSIBLE PREDICTORS OF THE RATE OF DETERIORATION

VARIABLE NAME	VARIABLE LABEL
a) Physical condition	
RNHAGE	Actual age of the unit. Average = 6.52 years.
NUMPEOP	Actual number of people in the household. Average = 3.92 persons.
OLDQUAL	1 = Pre-1981 unit with design/construction problems (5.1 per cent).
NEWQUAL	1 = Post-1981 unit with design/construction problems (11.0 per cent).
b) Environment	
RNATIVE	1 = Native occupant living in remote areas (13.1 per cent).
NRNATIVE	1 = Native occupant living in non-remote areas (16.5 per cent).
NREMOTE	1 = Non-Native living in remote areas (12.1 per cent).
SELPRICE	1 = Sell the unit for much more (32.6 per cent).
MAINHELP	1 = Agree, it is easy to get help with home repairs and maintenance (41.9 per cent).
c) Client perceptions	
SATHOME	1 = Satisfied with home and nearby areas (46.0 per cent).
MAINOCC	1 = Agree, occupants should be responsible for minor repairs and maintenance of their house (75.9 per cent).
EDUC	1 = High school and above (73.1 per cent).
d) Client aptitudes	
KNOWHOW	1 = Agree, someone living here knows how to make minor repairs such as fixing plumbing leaks, fixing doors and windows or doing basic carpentry - such as repairing cabinets (65.2 per cent).
NOEQUIP	1 = Agree, many times, even when we wish to do repairs, we find that we do not have the equipment (46.1 per cent).
OWNPREV	1 = Previous ownership experience (29.3 per cent).
MEREP	1 = Me/occupants and other family members/friends did most of the repairs and/or improvements in the last 12 months (27.3 per cent).
MEMAINT	1 = Me/occupants and other family members/friends did most of the maintenance in the last 12 months (34.0 per cent).

e) Physical abilities

PHYDISB 1 = At least one physically disabled present in the household (21.9 per cent).

f) Financial abilities

CNITRTIO Actual total annual income of household divided by appropriate CNIT.
Average = .795

PENSION 1 = Source of income from pension (7.9 per cent).

EMPLOY 1 = Source of income from employment (59.7 per cent).

g) Government program variables to influence perceptions and aptitudes

DESCONST 1 = Client involvement in design and construction of the unit (12.6 per cent).

MAINCSEL 1 = Yes, the government/agency provided advice or information on maintaining or repairing the house (26.4 per cent).

CHCKCOND 1 = Yes, have been visited in the past 12 months, by a housing officer/association to check the condition of the house (28.6 per cent).

SUPREP 1 = Yes, have been visited in the past 12 months, by a housing officer/association to make or supervise repairs (8.4 per cent).

HOMUKEEP 1 = Yes, have been visited in the past 12 months, by a housing officer/association to discuss home upkeep (5.1 per cent).

MONEYMAT 1 = Yes, have been visited in the past 12 months, by a housing officer/association to discuss budgeting and payments (7.0 per cent).

INFOUSE 1 = Agree, I found the information I received to be very useful (23.2 per cent).

INFOREP 1 = Agree, I feel that I need more information about making house repairs (38.5 per cent).

h) Government program variables to affect financial abilities

SHELINC Total annual shelter cost (mortgage/rent, tax, electricity, oil, gas, coal, wood and other fuels, water and sewage pump out) divided by gross household income.
Average = .376

SOURCE: RNH Client Survey, RNH Physical Condition Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 8.1.2
FIRST MODEL
DEPENDENT VARIABLE: INSPECTOR ESTIMATE OF REPAIR COST
ANALYSIS OF VARIANCE

SOURCE	DF	SUM OF SQUARES	MEAN SQUARE	F VALUE	PROB>F
MODEL	30	5502037670	183401256	14.534	0.0001
ERROR	1429	18032217524	12618766.64		
C TOTAL	1459	23534255194			

ROOT MSE	3552.29	R-SQUARE	0.2338
DEP MEAN	2875.59	ADJ R-SQ	0.2177
C.V.	123.53		

VARIABLE	PARAMETER ESTIMATE	STUDENT'S "t"
INTERCEPT	1598.39	3.019
MAINOCC	-697.36	-2.929
MEREP	-161.62	-.589
MEMAINT	37.91	.148
MAINCSEL	111.73	.459
CHCKCOND	282.71	1.232
SUPREP	-40.00	-.110
HOMUKEEP	-239.77	-.498
MONEYMAT	-585.83	-1.465
INFOUSE	73.64	.286
INFOREP	-258.63	-1.223
KNOWHOW	-293.05	-1.395
NOEQUIP	46.49	.223
PHYDISB	213.57	.873
SHELINC	1481.82	4.871
CNITRTIO	50.13	.221
EDUC	-569.11	-2.420
PENSION	-645.10	-1.659
EMPLOY	-501.96	-2.099
MAINHELP	-386.38	-1.869
RNHAGE	242.17	8.125
NUMPEOP	237.12	3.848
SATHOME	-724.30	-3.471
SELPRICE	-550.45	-2.613
OWNPREV	142.47	.652
DESCONST	-622.10	-2.130
RNATIVE	1101.09	3.423
NRNATIVE	324.48	1.206
NREMOTE	171.94	.565
OLDQUAL	2090.19	4.706
NEWQUAL	331.99	1.065

Collinearity Diagnostics

Collinearity among the independent variables can increase the estimated standard errors for the parameters, harming the use of regression as a basis for hypothesis testing for the affected variables. Diagnostics for the presence of collinearity among the independent variables have been developed by D.A. Belsey, E. Kah, and R.E. Welsch. The test involves the calculation of a so called "condition index". There are as many condition indices calculated as there are independent variables. Belsey "et al" suggest that one (or more) condition indices of over 30 would be indicative of the presence of one (or more) collinear relationships. The test also involves the calculation of a "variance-decomposition proportion" for each variable for each condition index. The variables involved in the collinear relationship could be identified by selecting those with variance-decomposition proportions above .50 which are also associated with a condition index above 30.

The following table reports the condition indices and variance-decomposition proportions for all the condition indices above 10 for this regression.

TABLE 8.1.3
COLLINEARTIY DIAGNOSTICS FOR REPAIR COSTS REGRESSION

	CONDITION INDEX 21.21
VARIABLE	VARIANCE-DECOMPOSITION PROPORTIONS
INTERCEPT	.9934
MAINOCC	.0401
MEREP	.0016
MEMAINT	.0007
MAINCSEL	.0099
CHCKCOND	.0007
SUPREP	.0026
HOMUKEEP	.0003
MONEYMAT	.0000
INFOUSE	.0004
INFOREP	.0177
KNOWHOW	.0093
NOEQUIP	.0420
PHYDISB	.0388
SHELINC	.1032
CNITRTIO	.1186
EDUC	.0595
PENSION	.0205
EMPLOY	.0083
MAINHELP	.0076
RNHAGE	.1959
NUMPEOP	.2171
SATHOME	.0552
SELPRICE	.0014
OWNPREV	.0158
DESCONST	.0002
RNATIVE	.0058
NRNATIVE	.0191
NREMOTE	.0056
OLDQUAL	.0018
NEWQUAL	.0194

Test for Normality

A basic assumption underlying the data used in the regression analysis is that the error term is normally distributed. If not, then the estimators of the variances of the parameters (standard errors) are not as small as they could be. That is, other estimation techniques could yield smaller estimated variances (maximum likelihood techniques for example). However, the estimated parameters and their variances approach the correct value as the sample size increases. Therefore, the usual confidence intervals and tests of significance are asymptotically valid as long as the other basic assumptions hold and there is a finite variance.

There are many tests for normality. The following is based on an omnibus normality test proposed by D'Agnostino (1971). Halbert White and Glen MacDonald (1980) apply the test to residuals from a regression and provide evidence that it is useful for detecting non-normality of the error term in large samples.

The first part of the test is to calculate:

$$D = n^{-1} \text{ Sum } [i/n - (n+1)/2n] \; e_{in}/(S^2)^{\frac{1}{2}}$$

where e_{in} is the "i"th ordered residual, and e_i is the "i"th residual, and n is the total number of observations.

D'Agnostino has calculated the expected value of D and its asymptotic standard deviations. An approximate standardised variable possessing asymptotically mean zero and variance unity is:

$$D^* = \frac{(D - .28209479)(n)^{\frac{1}{2}}}{.02998598}$$

The procedure involves transforming D to its standardised D* value, and comparing the result with the critical values calculated by D'Agnostino. The D* tends to differ from zero when the sample is drawn from a non-normal distribution.

For this regression, D was calculated to be .254589, and D* was calculated to be -29.005.

This value is above the critical value calculated by D'Agnostino, indicating that the error term is not a normal distribution.

Heteroscedasticity Test

Another basic assumption governing ordinary least square estimations is that the variance of the error term is constant for all observations. This is known as homoscedasticity. If this assumption is violated, then the least squares estimators do not have the smallest variance among all unbiased estimators regardless of sample size. Further, while the estimated parameters are unbiased, their estimated variances are biased. The consequence is that all the confidence limits and the tests of significance do not apply. Thus the regression cannot be used to test hypothesis.

The Goldfeld - Quandt test for heteroscedasticity was employed. To implement this test, it was first hypothesised that the variance of the error term may be related to the age of the dwelling unit (rather than being constant for all age groups). The observations were therefore ranked in ascending order of age (that is newer units first, older units second) and separated in three groups, the bottom two-fifths, a middle fifth, and the top two-fifths. A separate regression was run

for the bottom and top groups. Under the null hypothesis, each sample variance has a chi-squared distribution divided by the number of degrees of freedom and their ratio has an 'F' distribution. The 'F' statistic was calculated to be 5.093. This is larger than the critical value of an 'F' distribution. Hence the null hypothesis of homoscedasticity should be rejected.

A caveat is that the Goldfeld-Quandt test assumes a normal distribution of the error terms. As already shown, the error terms are not normally distributed. To the best of our knowledge, there have been no studies which have shown that violation of this assumption invalidates the test. However, the Goldfeld-Quandt test has been found to be sensitive to specification errors.

Specification Error Test

Another test is whether there are omitted variables or whether the functional form of the regression is misspecified. If so, the parameter estimates will be biased if the omitted variable is correlated with the included independent variables. Also the estimated standard errors will be biased. A common test for specification error is RESET (Regression Specification Error Test). This is designed to detect a non-zero mean of the disturbances of a regression model. The presence of such a mean could be due to the omission of a variable or incorrect specification of the functional form of the model.

The RESET can be done by regressing powers of the predicted variable on the residuals from the original regression. A 'F' test is applied on the joint significance of these variables. Under the null hypothesis, the regression coefficient estimators have zero expected values. Under the alternative hypothesis that the mean of the disturbance terms is positive, one or more of the coefficient estimates will have non-zero means.

A RESET was conducted, with the following results:

$F = 6.352$ $R^2 = .0129$

	PARAMETER ESTIMATE	't' RATIO
INTERCEPT	232.51	1.386
Y^2	-.000081	-1.853
Y^3	1.4459 E-08	1.537
Y^4	-4.01466 E-13	-.853

This suggests that the null hypothesis of no specification error would be rejected.

A major caveat is that the RESET test assumes normality of the error terms and that the error terms have constant variance

across all observations. These assumptions are likely to have been violated, so that the validity of this test is in question. Unfortunately most of the other common test (RASET - Rank Specification Error Test) and the Rainbow test are also based on these assumptions.

Final Model

To conclude, there is evidence that the error term is not normally distributed. This problem can be overcome with a large sample. The RESET test indicates misspecification of the model, but the result may be merely picking up the non-normality of the error term or the heteroscedasticity of the error term. Evidence is suggestive of the presence of heteroscedasticity among the error terms. Further, it is plausible that this type of problem would be present in the cross-sectional data used for this analysis.

Because of the problems that heteroscedasticity poses for hypothesis testing, a regression correcting for heteroscedasticity has been run. This regression is the basis for the analysis reported in the main text. The correction for heteroscedasticity first requires the specification of an appropriate model. There are several available. A special case of multiplicative heteroscedasticity commonly used in applied work arises when the standard deviation of the regression disturbance is assumed to be proportional to the value of one of the explanatory variables. The dependent and independent variables (including the constant term) are divided (weighted) by this explanatory variable (see J. Kmenta, 1986 for an illustration of this, pp 283 - 284). If the specification of heteroscedasticity is correct, the least squares estimators of the parameters will have all desirable properties, and all relevant confidence intervals and tests of significance will be valid for all sample sizes. However, the reported R^2 for the new regression will likely be less than the R^2 for the original regression, since the least squares regression line for a given sample gives the best fit of any line, by definition.

The results for the estimated model, corrected for heteroscedasticity, are provided in Table 8.1.4. It should be noted that all variables for this model are as a ratio of the age of the unit. When the model is transformed to the original model by multiplying through by the age of the unit, the dependent variable again becomes repair costs and all of the independent variables are comparable to the variables in the original model, with the exception of the intercept term and the estimated parameter for age of unit. After multiplying through, the intercept term becomes the estimated parameter for the age of the unit, while the estimated parameter for the age of the unit becomes the intercept term.

TABLE 8.1.4
FINAL MODEL (CORRECTED FOR HETEROSCEDASTICITY)
DEPENDENT VARIABLE: INSPECTOR ESTIMATE OF COSTS OF REPAIRS DIVIDED BY AGE OF UNIT

SOURCE	DF	SUM OF SQUARES	MEAN SQUARE	F VALUE	PROB>F
MODEL	30	94965152	3165505	8.226	.0001
ERROR	1429	549891287	384808		
C TOTAL	1459	644856439			

ROOT MSE	620.32	R-SQUARE	.1473
DEP MEAN	486.39	ADJ R-SQ	.1294
C.V.	127.53		

VARIABLE	PARAMETER ESTIMATE	STANDARD ERROR	STUDENTS 't'
INTERCEPT	316.12	28.61	11.04
RNHAGE	933.11	326.38	2.85
MAINOCC	-449.32	164.55	-2.73
MEREP	-215.75	160.52	-1.34
MEMAINT	334.93	146.33	2.28
MAINCSEL	-107.26	131.58	-.81
CHCKCOND	-335.12	130.08	-2.57
SUPREP	62.92	153.60	.41
HOMJKEEP	-92.71	236.94	-.39
MONEYMAT	-54.10	196.98	-.27
INFOUSE	42.16	139.28	.30
INFOREP	-346.64	123.33	-2.81
KNOWHOW	93.67	120.96	.77
NOEQUIB	-31.09	117.99	-.26
PHYDISB	10.67	134.13	.08
SHELINC	274.48	203.60	1.34
CNITRTIO	-251.59	165.77	-1.51
EDUC	117.12	148.84	.78
PENSION	-54.88	253.33	-.21
EMPLOY	-438.03	130.29	-3.36
MAINHELP	-334.90	112.01	-2.99
NUMPEOP	91.44	37.80	2.42
SATHOME	-215.27	119.53	-1.80
SELPRICE	3.13	118.43	.02
OWNPREV	455.03	124.88	3.64
DESCONST	-311.74	160.34	-1.94
RNATIVE	789.59	224.91	3.51
NRNATIVE	718.16	144.56	4.96
NREMOTE	452.27	241.28	1.87
OLDQUAL	2479.82	767.63	3.23
NEWQUAL	708.75	148.45	4.77

APPENDIX I TO CHAPTER IX

Technical Assessment of Factors Affecting Arrears

This section describes the steps undertaken to estimate the relative impact of several characteristics together on the likelihood of RNH owners and renters being in arrears on their monthly shelter payments. The analytical technique employed was that of the logic form of multiple regression modelling. The logistic technique is needed because the dependent variable is binary (i.e. the variable takes on only 2 values: 1 or 0). The use of ordinary least squares (OLS) regression techniques, with a binary dependent variable, violates the assumption that the error term is normally distributed (homoscedasticity), therefore leading to incorrect estimates of the sampling variance and so invalidating the hypothesis test. The logistic regression avoids this problem, by estimating a probability function, which when transformed into logarithms is continuous and is not bounded by zero or one. Maximum likelihood techniques are used in performing the logistic regression.

The term "arrears" refers to clients who were one or more months behind in their shelter payments or who made regular payments but not in the full amount required. The month of August 1988 was the reference point for determining the arrears status of clients.

A total of 32 variables (plus a constant) were employed in the owner arrears model which were regressed against the dependent variable of being in arrears. The estimated parameters were then tested for their statistical significance regarding their impact on the likelihood of an owner being in arrears. A "reduced" model, comprised of only the statistically significant variables, was then regressed to produce the final model to complete the analysis. In order to estimate the relative impact of each of the significant variables in the final model on arrears levels, the value of each was increased by ten per cent. The results of each of these steps are shown in Tables 9.1.2 to 9.1.5 inclusively, beginning with the initial model, followed by the reduced model and finally by the rate of change results.

A total of 31 variables (plus a constant) were included in the renter arrears model. The same analysis steps were followed as per the ownership model. The results are reported in Tables 9.1.7 to 9.1.10 inclusively.

TABLE 9.1.1
POSSIBLE PREDICTORS OF THE ARREARS RATE FOR HOMEOWNERS

VARIABLE NAME	VARIABLE LABEL
OWNPREV	1 = Previous ownership experience (29.4 per cent).
COSTO	Inspector estimate of repair cost. Average = $2,880.78.
REMOTE	1 = Living in remote areas (25.3 per cent).
MAKLIV	1 = Agree, it is hard to make a living around here (64.3 per cent).
FUTURE	1 = Agree, this community has a good future (46.8 per cent).
SWEATINV	1 = Contribution of sweat equity to downpayment; involved in design and construction (20.2 per cent).
SATHOME	1 = Satisfied with home and nearby arrears (45.9 per cent).
SELPRICE	1 = Sell the unit for much more (32.5 per cent).
PEOPPAY	Number of persons for whom non-housing expenses are paid for by owner. Average = 3.89 persons.
BUDEXP	1 = At least once counselled on budgeting expense by government, a housing authority, or a delivery agent (12.3 per cent).
MAKPAY	1 = At least once counselled on making mortgage payments by government, a housing authority, or a delivery agent (21.7 per cent).
SINGFAM	1 = One adult with one or more children (22.8 per cent).
FIXEDINC	1 = Welfare income; presence of physically-disabled member (35.1 per cent).
VERINCOM	1 = Visited/contacted in the past 12 months for verification of income (26.8 per cent).
MONEYMAT	1 = Visited/contacted in the past 12 months for discussion of budget and payments (6.9 per cent).
INFOUSE	1 = Agree, I found the information I received to be very useful (22.9 per cent).
INFOPAY	1 = Agree, I feel that I need more information about budgeting and making payments (20.0 per cent).
RECBEF	1 = Ever counselled before moving in (18.3 per cent).
RECTIME	1 = Ever counselled at the time of taking unit occupancy (9.1 per cent).
RECSINCE	1 = Ever counselled since moving in (16.2 per cent).
FULLTIME	1 = One or more household members worked full-time over the past 12 months (46.4 per cent).
PARTIME	1 = One or more household members worked part-time or seasonal work over the past 12 months (44.0 per cent).

EDUC	1 = Attainment of high school education or above (72.9 per cent).
PRE81	1 = Dwelling unit committed prior to 1981 (40.2 per cent).
AGE8185	1 = Dwelling unit committed between 1981 and 1985 (41.8 per cent).
CASH	1 = Contributed savings or sold land to get money for downpayment (23.1 per cent).
PROVLAN1	1 = Contributed land for downpayment (11.6 per cent).
EMPLOY	1 = Primary source of income from employment (59.6 per cent).
PENSION	1 = Primary source of income from OAS, GIS, and pension plan (8.0 per cent).
NATIVE	1 = Native clients (29.7 per cent).
CNITRTIO	A ratio of gross household income over the appropriate Core Need Income Threshold (average = 79.4 per cent).
SHELINC	A ratio of total shelter cost-to-gross household income (average = 37.6 per cent).

SOURCE: RNH Client Survey, RNH Physical Condition Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 9.1.2
FIRST MODEL: HOMEOWNER ARREARS

MODEL CHI-SQUARE = 169.98 WITH 32 D.F.
ADJUSTED R^2 = .056 R^2 = .089

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	-2.01226	.38805	-5.185	.000
OWNPREV	-.11404	.13778	-.827	.407
COSTO	.00003	.00001	1.754	.079
REMOTE	.22647	.14629	1.548	.121
MAKLIVE	.35075	.13095	2.678	.007
FUTURE	.15671	.12199	1.284	.199
SWEATINV	.32816	.14733	2.227	.025
SATHOME	-.12833	.12802	-1.002	.316
SELPRICE	-.05523	.13296	-.415	.677
PEOPPAY	.14719	.04026	3.655	.003
BUDEXP	-.50554	.23582	-2.143	.032
MAKPAY	.08652	.21039	.411	.680
SINGFAM	.00624	.15367	.040	.967
FIXEDINC	-.52823	.16308	-3.239	.001
VERINCOM	.28267	.14452	1.955	.050
MOMEYMAT	.20049	.24419	.821	.411
INFOUSE	.00703	.16944	.041	.966
INFOPAY	.38708	.14394	2.689	.007
RECBEF	.01230	.19445	.063	.949
RECTIME	-.19652	.22839	-.860	.389
RECSINCE	.17067	.18016	.947	.343
FULLTIME	-.34546	.17319	-1.994	.046
PARTIME	.00740	.13566	.054	.956
EDUC	-.26003	.14464	-1.797	.072
PRE81	.90502	.20203	4.479	.000
AGE8185	.77406	.19147	4.042	.000
CASH	-.20253	.14778	-1.370	.170
PROVLAN1	-.23024	.19996	-1.151	.249
EMPLOY	.34615	.19159	1.806	.070
PENSION	-.05260	.24949	-.210	.833
NATIVE	.19144	.14149	1.353	.176
CNITRTIO	-.11561	.14890	-.776	.437
SHELINC	.05623	.19313	.291	.770

NOTE: Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model. R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

Collinearity Diagnostics

Collinearity among the independent variables can increase the estimated standard errors for the affected estimated parameters, harming the use of regression as a basis for hypothesis testing. Diagnostics for the presence of collinearity among the independent variables have been developed by D.A. Belsey, E. Kah, and R.E. Welsch. The test involves the calculation of a so called "condition index". There are as many condition indices calculated as there are independent variables. Belsey "et al" suggest that one (or more) condition indices of over 30 would be indicative of the presence of one (or more) collinear relationships. The test also involves the calculation of a "variance-decomposition proportion" for each variable for each condition index. The variables involved in the collinear relationship could be identified by selecting those with variance-decomposition proportions above .50 which are also associated with a condition index above 30.

The following table reports the condition indices and variance-decomposition proportions for all the condition indices above 10 for this regression.

TABLE 9.1.3
COLLINEARITY DIAGNOSTICS FOR HOMEOWNER ARREARS RATE REGRESSION

	CONDITION INDEX	
	10.4035	24.2601
VARIABLE	VARIANCE-DECOMPOSITION PROPORTIONS	
INTERCEPT	.0006	.9954
OWNPREV	.0001	.0212
COSTO	.0008	.0001
REMOTE	.0086	.0001
MAKLIVE	.0041	.0543
FUTURE	.0011	.0167
SWEATINV	.0012	.0010
SATHOME	.0018	.0403
SELPRICE	.0041	.0010
PEOPPAY	.0064	.2312
BUDEXP	.0004	.0012
MAKPAY	.0001	.0034
SINGFAM	.0019	.0766
FIXEDINC	.0816	.1891
VERINCOM	.0027	.0039
MONEYMAT	.0001	.0008
INFOUSE	.0005	.0000
INFOPAY	.0021	.0065
RECBEF	.0000	.0090
RECTIME	.0002	.0075
RECSINCE	.0008	.0005
FULLTIME	.4735	.0031
PARTIME	.1847	.0188
EDUC	.0156	.0522
PRE81	.0155	.1357
AGE8185	.0206	.1111
CASH	.0020	.0120
PROVLAN1	.0048	.0045
EMPLOY	.8255	.0614
PENSION	.0243	.0699
NATIVE	.0079	.0144
CNITRTIO	.0104	.1247
SHELINC	.0116	.0873

Specification Error Test

A test for omitted variables in a logistic regression has been developed by R.F. Engle (1984). The test is one of the Lagrange Multiplier class of test. The test statistic is asymptotically equivalent to TR^2 of the regression of U on X where

$$U = (Y_t - P_t)/(P_t(1-P_t))^{1/2}$$

$$X = X_t\ (P_t(1-P_t))^{1/2}$$

P_t is the estimated probability that observation 't' has a value of one and;
Y_t is the actual value of the 't'th observation; and T is the total number of observations.

This statistic is compared to a chi-squared distribution with one degree of freedom. At the 90 per cent confidence level, the critical value is 2.71 while for the 95 per cent confidence level, it is 3.84. Davidson and MacKinnon (1984) have done some experiments to test the power of this and related statistics. The result of applying this test to this regression is a TR^2 of .72. The explained sum of squares is .77. Thus the hypothesis that there are no omitted variables can be accepted.

TABLE 9.1.4
FINAL MODEL: HOMEOWNER ARREARS

MODEL CHI-SQUARE = 225.04 WITH 13 D.F.
ADJUSTED R^2 = 0.073 R^2 = 0.083

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	-2.21122	.24539	9.011	.000
COSTO	.00003	.00001	2.738	.006
MAKLIV	.26108	.10636	2.454	.014
SWEATINV	.27405	.12000	2.283	.022
PEOPPAY	.19587	.02949	6.641	.000
BUDEXP	-.39701	.18059	2.198	.027
FIXEDINC	-.47198	.12928	3.650	.000
VERINCOM	.33958	.11372	2.986	.003
INFOPAY	.41390	.12138	3.409	.000
FULLTIME	-.33949	.12495	2.717	.006
EDUC	-.31625	.11025	2.868	.004
PRE81	1.09235	.17162	6.364	.000
AGE8185	.82761	.16755	4.939	.000
EMPLOY	.24224	.14279	1.696	.089

NOTES: See Table 9.1.1 for variable labels.
Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model.
R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

TABLE 9.1.5
CHANGE IN ARREARS: HOMEOWNER MODEL

VARIABLE NAME	PROBABILITY ARREARS = 1 %	RATE OF CHANGE[2] %
Increase one predictor by 10%:[1]		
COSTO	36.56	.062
MAKLIVE	36.74	.115
SWEATINV	36.48	.037
PEOPPAY	38.17	.513
BUDEXP	36.25	-.026
FIXEDINC	35.97	-.108
VERINCOM	36.53	.053
INFOPAY	36.52	.052
FULLTIME	36.00	-.101
EDUC	35.85	-.142
PRE81	37.46	.316
AGE8185	37.13	.223
EMPLOY	36.67	.093

NOTES: [1] One predictor is increased by 10 per cent while other predictors remain constant.

[2] change={(p2-p1)/((p2+p1)/2)}/{(x2-x1)/((x2+x1)/2)}
where:
p2=predicted probability after 10 per cent increment to the average of one variable.
p1=predicted probability with average variable values.
x1=average value of independent variables.
x2=average value of independent variables plus 10 per cent.

TABLE 9.1.6
POSSIBLE PREDICTORS OF THE ARREARS RATE OF RENTERS

VARIABLE NAME	VARIABLE LABEL
OWNPREV	1 = Previous ownership experience (21.4 per cent).
COSTO	Inspector estimate of repair cost. Average = $1,584.57.
REMOTE	1 = Living in remote areas (42.3 per cent).
MAKLIVE	1 = Agree, it is hard to make a living around here (61.2 per cent).
FUTURE	1 = Agree, this community has a good future (47.9 per cent).
SATHOME	1 = Satisfied with home and nearby areas (52.4 per cent).
REPUNIT	1 = Satisfied with landlord's repairing of unit (53.3 per cent).
PROVSEC	1 = Satisfied with landlord's provision of security against crime and vandalism (48.3 per cent).
HANDREQ	1 = Satisfied with landlord's handling of requests quickly (49.6 per cent).
PEOPPAY	Number of persons for whom non-housing expenses are paid for by owner. Average = 3.26
BUDEXP	1 = At least once counselled on budgeting expense by government, a housing authority, or a delivery agent (8.9 per cent).
MAKPAY	1 = At least once counselled on making mortgage payments by government, a housing authority, or a delivery agent (21.4 per cent).
SINGFAM	1 = One adult with one or more children (22.6 per cent).
FIXEDINC	1 = Welfare income; presence of physically-disabled member (38.1 per cent).
VERINCOM	1 = Visited/contacted in past 12 months for verification of income (17.7 per cent).
MONEYMAT	1 = Visited/contacted in past 12 months for discussion of budget and payments (5.1 per cent).
INFOUSE	1 = Agree, I found the information I received to be very useful (25.6 per cent).
INFOPAY	1 = Agree, I feel that I need more information about budgeting and making payments (16.7 per cent).
RECBEF	1 = Counselled at least once before moving in (15.4 per cent).
RECTIME	1 = Counselled at least once at the time of moving in (7.4 per cent).
RECSINCE	1 = Counselled at least once since moving in (13.9 per cent).
FULLTIME	1 = One or more household members worked full-time over the past 12 months (29.5 per cent).

PARTIME	1 = One or more household members worked part-time or seasonal work over the past 12 months (29.5 per cent).
EDUC	1 = High school education and above (55.0 per cent).
PRE81	1 = Dwelling unit committed prior to 1981 (21.4 per cent).
AGE8185	1 = Dwelling unit committed between 1981 and 1985 (26.1 per cent).
EMPLOY	1 = Primary source of income from employment (35.7 per cent).
PENSION	1 = Primary source of income from OAS, GIS, and pension plan (25.2 per cent).
NATIVE	1 = Native clients (56.5 per cent).
SHELINC	Ratio of total shelter costs-to-gross household income (average is 32.3 per cent).
CNITRTIO	Ratio of gross household income-to-Core Need Income Threshold (average is 55.9 per cent).

SOURCE: RNH Client Survey, RNH Physical Condition Survey and RNH Administrative Database, Program Evaluation Division, CMHC, 1989.

TABLE 9.1.7
FIRST MODEL: RENTER ARREARS

MODEL CHI-SQUARE = 152.33 WITH 31 D.F.
ADJUSTED R^2 = .267 R^2 = .449

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	-1.88116	1.36421	-1.378	.167
OWNPREV	-.21337	.54935	-.388	.697
COSTO	.00008	.00008	1.000	.293
REMOTE	.95011	.48149	1.973	.048
MAKLIVE	.42410	.46973	.902	.366
FUTURE	-.11326	.44887	-.252	.800
SATHOME	.17267	.52272	.330	.741
REPUNIT	-.28646	.57394	-.499	.617
PROVSEC	-.14252	.50995	-.279	.779
HANDREQ	-.64807	.65314	-.992	.321
PEOPPAY	.12758	.11244	1.134	.256
BUDEXP	-2.13957	1.20252	-1.779	.075
MAKPAY	.70876	.76010	.932	.351
SINGFAM	.176583	.50794	.347	.728
FIXEDINC	-.72043	.56550	-1.273	.202
VERINCOM	-.22026	.65233	-.337	.735
MONEYMAT	1.94290	.93495	2.078	.037
INFOUSE	-1.4237	.60831	-.234	.814
INFOPAY	-.29821	.51288	-.581	.560
RECBEF	.30725	.79499	.386	.699
RECTIME	1.56603	.72406	2.162	.030
RECSINCE	-.27217	.72292	-.376	.706
FULLTIME	.25319	.60185	.420	.674
PARTIME	.43433	.48132	.902	.366
EDUC	-1.26231	.47678	-2.64	.008
PRE81	3.11867	.61340	5.084	.000
AGE8185	-.10866	.76912	-.141	.887
EMPLOY	-1.14211	.67693	-1.687	.091
PENSION	-2.43257	.91076	-2.670	.008
NATIVE	-.97097	.52669	-1.843	.065
SHELINC	-1.28951	1.51908	-.848	.395
CNITRTIO	-.45149	.96440	-.468	.639

NOTE: Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model.
R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

Collinearity Diagnostics

Collinearity among the independent variables can increase the estimated standard errors for the affected estimated parameters harming the use of regression as a basis for hypothesis testing. Diagnostics for the presence of collinearity among the independent variables have been developed by D.A. Belsey, E. Kah, and R.E. Welsch. The test involves the calculation of a so called "condition index". There are as many condition indices calculated as there are independent variables. Belsey "et al" suggest that one (or more) condition indices of over 30 would be indicative of the presence of one (or more) collinear relationships.

The test also involves the calculation of a "variance-decomposition proportion" for each condition index. The variables involved in the collinear relationship could be identified by selecting those with variance-decomposition proportions above .50 which are also associated with a condition index above 30.

The following table reports the condition indices and variance-decomposition proportions for all the condition indices above 10 for this regression.

TABLE 9.1.8
COLLINEARITY DIAGNOSTICS FOR
RENTER ARREARS RATE REGRESSION

	CONDITION INDEX		
	10.059871	10.707771	23.80038
VARIABLE	**VARIANCE-DECOMPOSITION PROPORTIONS**		
INTERCEPT	.0000	.0003	.9962
OWNPREV	.0010	.0003	.0047
COSTO	.0008	.0092	.0040
REMOTE	.0021	.0195	.0655
MAKLIVE	.0004	.0133	.0521
FUTURE	.0012	.0015	.0137
SATHOME	.0063	.0117	.0351
REPUNIT	.4513	.3138	.0032
PROVSEC	.0152	.0013	.0336
HANDREQ	.3775	.4219	.0115
PEOPPAY	.0085	.0937	.1081
BUDEXP	.0058	.0016	.0032
MAKPAY	.0086	.0009	.0003
SINGFAM	.0022	.0021	.0759
FIXEDINC	.0980	.0932	.1869
VERINCOM	.0000	.0008	.0045
MONEYMAT	.0019	.0008	.0226
INFOUSE	.0012	.0005	.0000
INFOPAY	.0026	.0021	.0005
RECBEF	.0098	.0000	.0041
RECTIME	.0030	.0002	.0008
RECSINCE	.0023	.0003	.0045
FULLTIME	.0090	.0338	.0014
PARTIME	.0023	.0105	.0412
EDUC	.0448	.0185	.0755
PRE81	.0008	.0024	.0104
AGE8185	.0028	.0177	.0303
EMPLOY	.1726	.2815	.0749
PENSION	.1256	.1042	.3022
NATIVE	.0188	.0148	.0672
SHELINC	.0449	.0858	.0982
CNITRTIO	.2613	.3247	.1661

Specification Error Test

A test for omitted variables in a logistic regression has been developed by R.F. Engle (1984). The test is one of the Lagrange Multiplier class of test. The test statistic is asymptotically equivalent to TR^2 of the regression of U on X, where

$$U = (Y_t - P_t)/(P_t(1-P_t))^{1/2}$$

$$X = X_t\ (P_t(1-P_t))^{1/2}$$

P_t is the estimated probability that the 't'th observation has a value of one;
Y_t is the actual value of the 't'th observation, and T is the total number of observations.

This statistic is compared to a chi-squared distribution with one degree of freedom. At the 90 per cent confidence level, the critical value is 2.71 while at the 95 per cent confidence level, it is 3.84. Davidson and McKinnon (1984) have done some experiments to the power of this and equivalent tests.

The results of applying this test to this regression is a TR^2 of 6.477 and an explained sum of squares of 8.596. Thus the null hypothesis that there are no omitted variables can be rejected.

TABLE 9.1.9
FINAL MODEL: RENTER ARREARS

MODEL CHI-SQUARE = 187.34 WITH 9 D.F.
Adjusted R^2 = .327 R^2 = .362

VARIABLE NAME	PARAMETER ESTIMATE	STANDARD ERROR	T-RATIO	PROB.
INTERCEPT	-3.27018	.43874	7.453	.000
REMOTE	1.00670	.31144	3.232	.001
BUDEXP	-1.98053	1.09714	1.805	.071
MONEYMAT	1.81675	.60836	2.986	.003
RECTIME	1.33952	.51962	2.577	.010
EDUC	-.44863	.30182	1.486	.137
PRE81	3.21197	.33735	9.521	.000
EMPLOY	-.20362	.31250	.651	.514
PENSION	-1.65972	.50734	3.273	.001
NATIVE	-.46502	.32660	1.423	.154

NOTES: See Table 9.1.6 for variable labels.
Adjusted R^2 is ((Model chi-square - 2p)/(-2L(0)) where p is number of variables excluding the intercept and -2L(0) is the maximum log likelihood with only intercepts in the model.
R^2 is the above without the adjustment for the number of variables in the model, and can be interpreted as the proportion of log likelihood explained by the model.
The 't' ratios for this regression are asymptotic. That is, they approach their correct values as the sample size increases.

TABLE 9.1.10
CHANGE IN ARREARS: RENTAL MODEL

VARIABLE NAME	PROBABILITY ARREARS = 1 %	RATE OF CHANGE[2] %
Increase one predictor by 10%:[1]		
REMOTE	4.56	.4423
BUDEXP	4.76	-.1568
MONEYMAT	4.49	.0928
RECTIME	4.60	.0858
EDUC	4.60	-.2392
PRE81	4.46	.7835
EMPLOY	4.91	-.0702
PENSION	4.53	-.4694
NATIVE	4.36	-.2415

NOTES: [1] One predictor is increased by 10 per cent while other predictors remain constant.

[2] change={(p2-p1)/((p2+p1)/2)}/{(x2-x1)/((x2+x1)/2)}
where:
p2=predicted probability after 10 per cent increment to the average of one variable.
p1=predicted probability with average variable values.
x1=average value of independent variables.
x2=average value of independent variables plus 10 per cent.

APPENDIX I TO CHAPTER XI

TABLE 11.1.1
RURAL AND NATIVE HOUSING PROGRAM PORTFOLIO
BY PROVINCE/TERRITORY
AS OF FEBRUARY 1990

PROVINCE/ TERRITORY	HOME-OWNER	REACQUIRED/ VACANT	RENTAL	LEASE-PURCHASE	TOTAL
NEWFOUNDLAND					
Pre-1986	1,927	1	-	-	1,928
Post-1985	41	-	-	-	41
TOTAL	1,968	1	-	-	1,969
P.E.I.					
Pre-1986	26	-	2	-	28
Post-1985	24	1	34	18	77
TOTAL	50	1	36	18	105
NOVA SCOTIA					
Pre-1986	1,317	85	11	34	1,447
Post-1985	187	-	23	100	310
TOTAL	1,504	85	34	134	1,757
NEW BRUNSWICK[1]					
Pre-1986	1,227	-	-	-	1,227
Post-1985	139	-	105	74	318
TOTAL	1,366	-	105	74	1,545
QUEBEC[2]					
Pre-1986	-	-	-	-	-
Post-1985	-	-	-	-	-
TOTAL	-	-	-	-	-
ONTARIO					
Pre-1986	1,702	233	16	49	2,000
Post-1985	704	34	19	151	908
TOTAL	2,406	267	35	200	2,908
MANITOBA					
Pre-1986	955	102	1,775	9	2,841
Post-1985	28	6	639	46	719
TOTAL	983	108	2,414	55	3,560
SASKATCHEWAN[3]					
Pre-1986	2,521	1	611	-	3,133
Post-1985	4	-	476	-	480
TOTAL	2,525	1	1,087	-	3,613
ALBERTA					
Pre-1986	1,152	-	77	-	1,229
Post-1985	363	-	-	-	363
TOTAL	1,515	-	77	-	1,592
BRITISH COLUMBIA					
Pre-1986	652	118	2	5	777
Post-1985	124	10	15	166	315
TOTAL	776	128	17	171	1,092
N.W.T.					
Pre-1986	84	-	11	-	95
Post-1985	94	-	332	-	426
TOTAL	178	-	343	-	521
YUKON					
Pre-1986	4	-	4	-	8
Post-1985	-	-	-	1	1
TOTAL	4	-	4	1	9
CANADA					
Pre-1986	11,567	540	2,509	97	14,713
Post-1985	1,708	51	1,643	556	3,958
TOTAL	13,275	591	4,152	653	18,671

SOURCE: 1 Asset and Program Accounting Division, CMHC.
NOTES: 2 105 Basic Shelter units not included.
3 Financial and unit data for Quebec not available.
Differs from Table 1.7, which for Saskatchewan, is based upon provincial data.
"-" refers to zero units.

APPENDIX I TO CHAPTER XII

Derivation of Estimated Costs, Revenues and Subsidies: Remote and Non-remote

Raw data were unavailable for some cost items for remote and non-remote units. In order to derive the remote/non-remote values, it is necessary to disaggregate the overall data, as follows.

Let:

Cost (1) = raw data costs;
Cost (2) = non-remote costs;
Cost (3) = remote costs;
Remote = % of units in remote locations;
Non = % of units in non-remote locations;
Factor = % cost increase due to remoteness;

then:

$$\text{Cost (1)} = (\text{Non} \times \text{Cost (2)}) + (\text{Remote} \times (\text{Factor} \times \text{Cost (2)}))$$

therefore:

$$\text{Cost (2)} = \frac{\text{Cost (1)}}{(\text{Non} + (\text{Remote} \times \text{Factor}))}$$

and: $\text{Cost (3)} = (\text{Factor}) \times (\text{Cost (2)})$

APPENDIX II TO CHAPTER XII

Regression Equations Describing the Maintenance Requirements of the RNH Stock

The dependent variable is the inspector's estimated repair costs for the dwelling. The independent variable is the age of the dwelling.

	PARAMETER	STUDENTS 'T'
REMOTE RENTAL		
Intercept	1318.84	(1.794)
Age	230.91	(3.673)
		R^2 = .0947
		F = 13.492
NON-REMOTE RENTAL		
Intercept	714.39	(-.361)
Age	157.96	(8.055)
		R^2 = .0978
		F = 42.373
REMOTE HOMEOWNER		
Intercept	-211.57	(-.361)
Age	489.47	(8.055)
		R^2 = .1527
		F = 64.880
NON-REMOTE HOMEOWNER		
Intercept	427.10	(1.902)
Age	286.38	(10.289)
		R^2 = .0853
		F = 105.865

BIBLIOGRAPHY

Abt Associates of Canada. Evaluation of the Critical Trade Skills Training Program, Final Report. Prepared for the Program Evaluation Branch, Employment and Immigration Canada, Ottawa, December 1985.

Aldrich, J.H. and Nelson, F.D. Linear Probability, Logit, and Probit Models. London: Sage Publications, 1984.

Arkin, H. Statistical Methods. New York: Barnes and Noble Books, 1970.

Austin, M. and Nicholson, P. "Review and Assessment of the Aboriginal Peoples Component of the 1986 Census of Canada". Ottawa, 1987.

Bairstow, D. Opportunities for Manufactured Housing in Canada. Ottawa: Canada Mortgage and Housing Corporation, 1985.

Bairstow, D. Manufactured Housing: the Foreign Experience United States, Japan, Sweden. Ottawa: Canada Mortgage and Housing Corporation, 1985.

Belsey, D.A., Kuh, E., Welsch, R.E., Regression Diagnostics: Identifying Influential Data and Sources of Collinearity. Toronto: John Wiley and Sons, 1980.

Boxhill, W.O. Limitations to the Use of Ethnic Origin Data to Quantify Visible Minorities in Canada. Ottawa: Statistics Canada, 1984.

Boyd, M. and Rosenberg, M. An Overview of Registered Indian Conditions - Methodology Report (Canada and Selected Provinces). Ottawa: Indian and Northern Affairs Canada, 1987.

Bruzelius, N. The Value of Travel Time. London: Croom Helm, 1979.

Burgess, D.F. "The Social Discount Rate for Canada: Theory and Evidence" in Canadian Public Policy, Vol. VII, No. 3, pp. 383-394, 1981.

Campbell, H.F. "Shadow-Prices for the Economic Appraisal of Public Sector Expenditures" in Canadian Public Policy, Vol. VII, No. 3, pp. 395-398, 1981.

Canada Mortgage and Housing Corporation. Annual Report, Canada Mortgage and Housing Corporation. Ottawa: Canada Mortgage and Housing Corporation, 1984.

Canada Mortgage and Housing Corporation. Canadian Housing Statistics, 1985. Ottawa: Canada Mortgage and Housing Corporation, 1986.

Canada Mortgage and Housing Corporation. 1986 Monitoring of CMHC's Rural and Native Housing Demonstration Program, Volumes I to II. Ottawa: Canada Mortgage and Housing Corporation, 1987.

Canada Mortgage and Housing Corporation. 1987 Monitoring of the CMHC RNH Demonstration Program, Volumes I to IV. Ottawa: Canada Mortgage and Housing Corporation, 1988.

Canada Mortgage and Housing Corporation. A Bibliography on Manufactured Housing. Ottawa: Canada Mortgage and Housing Corporation.

Canada Mortgage and Housing Corporation. "Evaluation of the Native Cadre Program based on the Results of the Native Cadre Survey". Program Evaluation Division, Ottawa, July 1989.

Canada Mortgage and Housing Corporation. "Rural and Native Housing Programs, Evaluation Assessment Report". Prepared by the Program Evaluation Division, Ottawa, August 1988.

Canada Mortgage and Housing Corporation. Opportunities for Manufactured Housing. Phase II Report: The Canadian Experience. Ottawa: Canada Mortgage and Housing Corporation, 1985.

Canada Mortgage and Housing Corporation. Provision of Appropriate Housing for Rural and Remote Clients: A Review of the Standards. Ottawa: Canada Mortgage and Housing Corporation, 1978.

Canada Mortgage and Housing Corporation. Report on the Rural and Native Housing National Meeting. Ottawa: Canada Mortgage and Housing Corporation, 1981.

Canada Mortgage and Housing Corporation. Residential Renovation Overview: Program Evaluation Report. Ottawa: Canada Mortgage and Housing Corporation, 1988.

Canada Mortgage and Housing Corporation. Residential Renovation Overview: Summary Report. Ottawa: Canada Mortgage and Housing Corporation, 1988.

Canada Mortgage and Housing Corporation. Rural and Native Housing Review (Draft). Ottawa: Canada Mortgage and Housing Corporation, 1980.

Canada Mortgage and Housing Corporation. Evaluation of the Public Housing Program. Ottawa: Canada Mortgage and Housing Corporation, 1990.

Canada Mortgage and Housing Corporation and Newfoundland and Labrador Housing Corporation. "Building Partnerships for the Future". Executive Summary Report of the Provincial Native Housing Conference, Happy Valley-Goose Bay, October 1989.

Carter, Tom. "Northern Native Housing: Historical Problems and Program Appropriateness" in Resolving Rural Housing Policy Conflicts: Case Studies from Canada, United States and Britain. Rural and Small Town Research and Studies Programme, Dept. of Geography, Mt. Allison University, Sackville, New Brunswick, June 1989.

Cassidy, F. "Aboriginal Self-Government" in Canadian Public Administration, Vol. 32, No. 1, pp. 135-137, 1989.

Chislett, K.L., M.B. Green and R.M. Bone. "Housing Mismatch for Métis in Northern Saskatchewan" in The Canadian Geographer, Vol. 31, No. 4, pp. 341-345, 1987.

Coopers & Lybrand Consulting Group. Program Actors Surveys, Vols. I to II. Prepared for the Program Evaluation Division, CMHC, Ottawa, 1989.

Cossey, K.M. Rural Environments and the Elderly: Impact, Contributions and Needs Fulfillment. Sackville: Mount Allison University, 1989.

Crégheur, A. "Assessment of Data on Aboriginal Identity". Ottawa: Statistics Canada.

D'Agnostino, R.B. "An Omnibus Test of Normality for Moderate and Large Sample Sizes" in Biometrika, Vol. 58, No. 2., August 1971.

D'Aoust, S. Federal and Provincial Housing Assistance Programs Available for Rural and Native Clients. Ottawa: Canada Mortgage and Housing Corporation, 1979.

Davies, D. "Report on Counselling Requirements, Rural and Native Housing Program". Prepared for Canada Mortgage and Housing Corporation, March 1978.

Dale, Edmund H. The Future Saskatchewan Small Town. Victoria: University of Victoria, 1988.

Desmeules, A. Housing Needs Study. Alberta: Métis Association of Alberta, 1981.

Ekos Research Associates, Inc. Newfoundland/Labrador Housing Needs Studies. Ottawa, 1987.

Ekos Research Associates, Inc. "RNH Client Survey, Final Report". Prepared for the Program Evaluation Division, Ottawa: CMHC, July 1989.

Engle, Robert F. "Wald, Likelihood Ratio, and Lagrange Multiplier Tests in Econometrics" in Zvi Griliches, M.D. Intriligator, eds, Handbook of Econometrics, Volume 2. New York: North-Holland, 1984.

Flanagan, T. "The Case Against Métis Aboriginal Rights" in Canadian Public Policy, Vol. IX, No. 3, pp. 314-325, 1983.

George, M.V., Paquette, L. and Perreault, J. Population Projections of Registered Indians, 1982 to 1996. Ottawa: Statistics Canada, 1985.

Goldfeld, S.M., and Quandt, R.F., "Some Tests for Homoscedasticity" in Journal of American Statistical Association, Vol. 60, Sept 1965.

Gramlich, E.M. Benefit-Cost Analysis of Government Programs. New Jersey: Englewood Cliffs, 1981.

Harrell, F.E. "The Logit Procedure" in Suigi Supplemental Library User's Guide, Version 5 Edition. Cary, N.C.: SAS Institute Inc., 1986.

Hawthorn, H.B. A survey of the Contemporary Indians of Canada: A Report on Economic, Political, Educational Needs and Policies, Volume I. Ottawa: Indian Affairs Branch, 1966.

Hawthorne, E.M. Evaluating Employee Training Programs, Quorum Books, 1987.

Hettich, W. "Distribution in Benefit-Cost Analysis: A Review of Theoretical Issues" in Public Finance Quarterly, Vol. 4, No. 2, pp. 123-150, April, 1976.

Jenkins, G.P. "Discount Rates for Economic Appraisal of Public Sector Expenditures" in Canadian Public Policy, Vol. VI, No. 3, pp. 549-555, 1980.

Jenkins, G.P. "The Public-Sector Discount Rate for Canada: Some Further Observations" in Canadian Public Policy, Vol. VII, No. 3, pp. 399-487, 1981.

Judge, G.G., W.E Griffiths, R. Caterhill, Helmut Liitkepohl, Tsoung-Chao Lee. The Theory and Practice of Econometrics. Toronto: John Wiley and Sons, 1985.

Kersell, J.E. "A New Approach to Native Rights" in Policy Options, Vol. 10, No. 1, pp. 7-9, 1989.

Kinsley, B.L. and Casserly, C. Explorations in Time Use, Vols. 1 to 4. Ottawa: Employment and Immigration Canada, 1983.

Kmenta, J. Elements of Econometrics. New York: The Macmillan Company, 1971.

Lachapelle, L. Managing Performance in CMHC, 1989 Edition. Ottawa: Canada Mortgage and Housing Corporation, 1989.

Layard, R. Cost-Benefit Analysis. England: Penguin Books Ltd., 1972.

Levin, H.M. Cost-Effectiveness A Primer. Beverly Hills: Sage Publications, Inc., 1983.

Linder, S.B. The Harried Leisure Class. New York: Columbia University Press, 1970.

Lithwick, N.H., Schiff, M. and Vernon, E. An Overview of Registered Indian Conditions in Canada. Ottawa: Indian and Northern Affairs Canada, 1986.

Long, J.A., Bear, L.L. and Boldt, M. "Federal Indian Policy and Indian Self-Government in Canada: An Analysis of a Current Proposal" in Canadian Public Policy, Vol. VIII, No. 2, pp. 189-199, 1982.

MacKinnon, J.G., Davidson, Russel, "Convenient Specification Tests for Logit and Probit Models" in Journal of Econometrics Vol. 25, 1984.

Maddala, G.S. Limited-Dependent and Qualitative Variables in Econometrics. London: Cambridge University Press, 1983.

Manitoba Housing and Canada Mortgage and Housing Corporation. Northern Housing Conference, Thompson, Manitoba, January 1988.

Maslove, A. and Hawkes, A. Canada's North, A Profile. Ottawa: Supply and Services, 1990.

Mishan, E.J. Cost-Benefit Analysis. New York: Praeger Publishers, 1971.

Newfoundland and Labrador Housing Corporation. "Developing a Strategy to Address Housing Needs in Northern Coastal Labrador: Background and Introduction". Newfoundland and Labrador Housing Corporation, January 1989.

Prairie Research Associates, Inc. "Survey of Native Cadre Participants, Final Report". Prepared for the Program Evaluation Division, CMHC, May, 1989.

Rahim, M.A. Indian Housing Survey. Ottawa: Department of Indian Affairs and Northern Development, 1976.

Ramsey, J.B. "Tests for Specification Errors in Classical Linear Least-Squares Regression Analysis" in Journal of the Royal Statistical Society, Vol. 31, No. 2.

Schneier, Craig Eric. "Unlocking Employee Potential: Developing Employee Skills" in Management Solutions, New York: Periodicals Division of the American Management Association, pp. 14-20, February 1988.

Shelter Limited. "Report on the Moosonee Housing Development Project". Prepared for the Ontario Métis and Non-Status Indian Assocation and for Canada Mortgage and Housing Corporation, December 1984.

Statistics Canada. Population. Cat. 92-911. Ottawa: Supply and Services Canada, 1984.

Statistics Canada. A User's Guide to 1981 Census Data on Ethnic Origin. Cat. 99-949. Ottawa: Supply and Services Canada, 1986.

Statistics Canada. Construction Price Statistics. Cat. 62-007. Ottawa: Supply and Services Canada, 1989.

Statistics Canada. Profile of Ethnic Groups. Cat. 93-154. Ottawa: Supply and Services Canada, 1989.

Statistics Canada. "Features and Status Report". Mimeograph. Ottawa: General Social Survey, Statistics Canada.

Statistics Canada. "Preliminary Data, Cycle 2: Language Module". Mimeograph. Ottawa: General Social Survey, Statistics Canada.

Statistics Canada. "Preliminary Data, Cycle 2: Time Use and Social Mobility Modules". Mimeograph. Ottawa: General Social Survey, Statistics Canada.

Steadman, P. and Owers, J. Transactions of the Martin Centre for Architectural & Urban Studies, Vol. 3., University of Cambridge. Cambridge: Woodhead-Faulkner Ltd., 1978.

Taylor, C.E. "The Métis and Non-Status Indian Population: Numbers and Characteristics". University of Toronto, 1979.

Tennant, P. et al "The Report of the House of Commons Special Committee on Indian Self-Government: Three Comments" in Canadian Public Policy, Vol. X, No. 2, pp. 211-215, 1984.

Thursby, J.G, and Schnidt, P., "Some Properties of Tests for Specification Error in a Linear Regression Model", in Journal of the American Statistical Association, Vol 72, No. 359, Sept 1977.

Treasury Board of Canada. Guide on the Program Evaluation Function. Ottawa: Treasury Board of Canada, 1981.

Treasury Board of Canada. Principles for the Evaluation of Programs. Ottawa: Supply and Services Canada, 1983.

Treasury Board of Canada. Working Standards for the Evaluation of Programs in Federal Departments and Agencies. Ottawa: Treasury Board of Canada, 1989.

Treasury Board Secretariat. Benefit-Cost Analysis Guide. Ottawa: Treasury Board Secretariat, 1976.

Valentine, V. "Native Peoples and Canadian Society: A Profile of Issues and Trends" in Breton, R., Reitz, J.G. and V. Valentine, eds. Cultural Boundaries and the Cohesion of Canada, Montraeal: The Institute for Research on Public Policy, pp. 45-135, 1980.

White, Halbert, and MacDonald, G.M. "Some Large-Sample Tests for Non-Normality in the Linear Regression Model", in Journal of the American Statistical Association, Vol. 75, No. 369, March 1980.

Wiseman, N. "Planning for Remote Communities: A Case Study of Housing Need Assessment" in Canadian Public Policy, Vol. VIII, No. 2, pp. 239-247, 1982.

Zeckhauser, R., Harberger, A.C., Haveman, R.H., Lynn, L.E. Jr., Niskanen, W.A. and Williams, A. Benefit-Cost and Policy Analysis, 1974. Chicago: Aldine Publishing Company, 1975.

_____. Homeownership Assistance Program Evaluation. Northwest Territories: Clark Ferguson Simek Architects Ltd, 1988.

_____. Housing Study Submission. Toronto: Union of Ontario Indians, 1971.

_____. First Report on Yukon Indian Housing Needs. Yukon: Housing Committee, 1981.

_____. Native Housing Report. Ottawa: Canada Mortgage and Housing Corporation, 1972.

_____. Native Housing and Demographic Survey. Newfoundland: Native Association of Newfoundland and Labrador, 1974.

_____. Métis and Non-Status Indians: Housing Conditions in New Brunswick and Prince Edward Island. 1973.

_____. Survey of Band Members Living off Reserves. Saskatchewan: Federation of Saskatchewan Indians, 1978.

_____. "What is Next Step After Native Claims" in Newsletter, Vol. 11, No. 6. Halifax: Institute for Research on Public Policy, 1989.