



**Public Consultation on
Housing Renovation
Programs**

August 2002

Canada Mortgage and Housing Corporation

A. Introduction

1. Background

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

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

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

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

This summer, CMHC is conducting a consultation on the future of the renovation programs. This involves discussions with Canadians on their views on the effectiveness of the programs and their ideas on how the programs could be improved.

In Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Manitoba and the Northwest Territories, the provincial and territorial governments are leading the consultation with provincial and territorial stakeholder groups. You should contact the provincial and territorial housing agencies in these jurisdictions directly if you wish to learn more about their consultations. Saskatchewan and CMHC are jointly managing consultations with groups in that province. CMHC is solely responsible for the consultation with respect to renovation programs on reserves.

2. Why is this Consultation Being Conducted Now?

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

An evaluation of RRAP is also underway to determine if the program has been effective in achieving its stated objectives. This consultation, on the other hand, is being conducted to obtain views on policy issues, such as the program enhancements introduced in 1994 and 1999, and future program

directions and priorities. The combined results will provide a basis for discussions on the future of the RRAP family of programs beyond March 2003.

3. Consultation Parameters

The primary focus of this consultation is the renovation, preservation and conversion of housing occupied or intended to be occupied by low income people. It is not intended to cover the existing social housing stock in receipt of ongoing government funding nor the creation of new housing. Participants in this consultation are invited to provide ideas for renovation program enhancements and improvements. While all ideas and viewpoints will be welcomed, it would be appreciated if you could consider relative priorities since public resources are not unlimited.

4. Why Your Views are Important

We are interested in your views on the RRAP family of renovation programs, on behalf of your clients or as an interested party. You may be familiar with how these programs are working for your constituents or in your community. You may have views on renovation needs and the factors and forces which influence how the programs would operate in the future. We appreciate the time you are taking to share your views and ideas with us. Remember, there are no wrong answers.

5. How to Participate

This consultation paper is structured as a "workbook" which asks you to respond to a series of questions on the renovation programs. You may be interested in all of the programs or just some of them. It would be helpful to us if you could provide data or practical examples, where possible, to illustrate your points.

The workbook starts by asking some general questions on housing renovation issues, followed by some general questions on RRAP and then, the individual components of RRAP. This is followed by a separate section on RRAP on Indian Reserves. Questions on the Emergency Repair Program, and Home Adaptations for Seniors Independence and Shelter Enhancement Program both on and off Indian Reserves follow in the last sections.

You may answer all of the questions in each section or only those questions which are applicable or of interest to you.

You may choose to fill out the workbook and mail it to the address below. Alternatively, you may visit CMHC's website at www.cmhc-schl.gc.ca to download the questionnaire, complete it and e-mail your response back to CMHC.

The deadline for submissions is **September 20, 2002.**

6. What Happens Next?

Your response to the consultation will be combined with those of others and a report will be prepared in the fall on the consensus opinion on "What We Heard". You will be provided with a copy of the report if you completed Section B at the beginning of the questionnaire. Otherwise, a copy of the report will be available on CMHC's website (www.cmhc-schl.gc.ca) in the fall.

7. Contacts

Mailed responses should be sent to:

Consultation on Renovation Programs
 Mr. Douglas A. Stewart ,
 Vice-President, Policy and Programs Sector
 Canada Mortgage and Housing Corporation
 700 Montreal Road
 Ottawa
 K1A 0P7

If you have any questions about the consultation process or the questions or contents of this workbook please contact:

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 (613) 748-2725

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 (613) 748-2795

B. About You

We will be compiling the consultation results on the basis of who has responded and where they live in Canada. Please take a moment to tell us who you represent and where you live.

Type of Organization (please check):

Province or Territory:	_____
Municipality:	_____
Program Beneficiary:	_____
Private Organization:	_____
Not-for-Profit	_____
For-Profit	_____
First Nation or Aboriginal	_____
Organization:	_____
Private Citizen:	_____
Other (please specify):	_____

Location (please indicate the geographic scope of your interest in renovation programs):

Canada-wide:	_____	Manitoba:	_____
Newfoundland and Labrador	_____	Saskatchewan:	_____
Prince Edward Island:	_____	Alberta:	_____
Nova Scotia:	_____	Nunavut:	_____
New Brunswick:	_____	Northwest Territories:	_____
Quebec:	_____	British Columbia:	_____
Ontario:	_____	Yukon :	_____

(Optional)

Please identify yourself and/or the organization that you represent to enable us to call you if we have questions or contact you for clarification on points that you have raised in your submission. ***However, you may remain anonymous if you wish.***

We would also use these co-ordinates to send you a copy of the consultation summary report.

Name of Organization: _____

Mailing Address: _____

Community: _____ Postal Code: _____

Contact Person: _____

Telephone Number: () - _____ Fax Number: () - _____

E-mail: _____

C. General Questions About Renovation Programs

This section asks for your reaction to the current renovation program array, general program policies and how the money is allocated.

1. Introduction

Canada's housing stock is aging. In 1996, more than 80% of the housing stock was more than 10 years old, compared to 68% in 1981. As the housing stock ages, there is an increasing need to reinvest in repairs to protect this stock for future generations. In 1996, 8.3% of the housing stock needed major repairs and 26.2% required minor repairs. In contrast, in 1981, 6.7% of the stock required major repairs and 17.0% required minor repairs. The housing stock needs to be ready to address the changing needs of the population. Many existing homes are not designed to accommodate an aging population or the needs of persons with disabilities.

Governments have introduced an array of policies and programs to keep the existing housing stock in a good state of repair and to modify housing to meet the changing needs of the occupants. The following issues and questions deal with the general public policy approach to renovation.

2. Issues and Questions

Issue: Need for Housing Renovation Assistance

As noted above, Canada's housing stock is aging and the incidence of repair need has been growing. However, there are other factors which will drive the need for housing renovation in the future.

Question:

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

Issue: Array of Programs

The current array of renovation programs includes assistance for homeowners on and off Indian Reserves, nonprofit and private owners of non-subsidized rental housing and rooming houses, people who wish to modify housing for persons with disabilities, assistance to support aging in place and housing for victims of family violence.

Question:

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

Issue: Program Demand

There are waiting lists for the renovation programs in some parts of Canada.

Question:

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

Issue: Targeting Program Assistance

Since 1986, RRAP has been primarily targeted to households in core housing need. This recognizes that public funds for housing renovation are not unlimited and it also recognizes that many homeowners and landlords are able to pay for home repairs and improvements without government financial assistance.

Question:

Should renovation program assistance continue to be targeted, and if so, what should be the means to ensure effective targeting?

Issue: Income Limits

Income Limits for the renovation programs are mainly based on income thresholds for social housing. Forgiveness (i.e. the portion of loans that do not have to be repaid) is also tied to these income limits. The limits are based on the actual costs of alternative housing in a community based on the assumption that people should not pay more than 30% of income for shelter. A number of issues have arisen with respect to these parameters; the appropriateness of this approach for renovation programs, the impact on the loan repayment burden and the calculation of income (e.g. household or individual income).

Question:

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

Issue: Alternatives to Direct Public Funding

Housing renovation is generally a private activity. A 2000 survey indicated that one in two homeowners had renovated in the past two years, spending approximately \$5,400 on average. In 1995, it is estimated that landlords and tenants spent \$4.7 billion on renovation work. Access to renovation financing for renovation work is not a general problem, however, some people lack the savings or income to solve their housing repair or adaptation needs on their own.

Question:

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

Issue: Overall Adequacy of Program Funding

In 1998, funding for the federal off-reserve renovation programs was extended for five years at a cost of \$50 million per year. In 1999, as part of the homelessness initiative, annual funding for these programs was doubled for four years (\$50 million per year for RRAP, ERP and HASI), Conversion RRAP was introduced (\$10 million per year) the budget for On-Reserve RRAP was increased by \$7 million per year and SEP funding was increased (by \$7 million in 1999 and \$12 million per year for the next three years). Provincial and territorial cost-sharing currently adds over \$21 million per year in additional funding for the programs. The annual base budget for On-Reserve RRAP has remained at approximately \$7.5 million and is not presently subject to an expiration date.

Question:

What, do you believe, would be an appropriate level of annual funding for the programs, and why do you think this would be justified?

Issue: Allocations by Renovation Program Component

The allocation of federal funding by off-reserve renovation program component is as follows in current fiscal year:

Renovation Program Component	% of Total Allocation
Homeowner RRAP (H.O. RRAP)	36.7%
RRAP for Persons with Disabilities (RRAP-D)	13.1%
Rental and Rooming House RRAP (Rental/R.H. RRAP)	20.8%
Conversion RRAP (RRAP-C)	8.1%
Emergency Repair Program (ERP)	3.4%
Home Adaptations for Seniors Independence (HASI)	7.7%
Shelter Enhancement Program (ERP)	10.3%

Question:

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

Issue: Allocations by Jurisdiction

The following is the allocation of federal program funding by jurisdiction in millions of dollars for 2002/2003 excluding CMHC overhead. This is based on a combination of housing need and population data, depending on the program. This excludes the allocation of On-Reserve Funding for RRAP, HASI and SEP.

Province/ Territory	H.O. RRAP	RRAP-D	Rental/R. H RRAP	RRAP -C	ERP	HASI	SEP	Total
NF	\$2.80	\$0.31	\$0.29	\$0.11	\$0.23	\$0.21	\$0.22	\$4.17
PEI	\$0.46	\$0.42	\$0.06	\$0.02	\$0.04	\$0.06	\$0.05	\$1.10
NS	\$4.60	\$0.46	\$0.61	\$0.24	\$0.35	\$0.31	\$0.36	\$6.93
NB	\$2.82	\$0.52	\$0.99	\$0.39	\$0.19	\$0.32	\$0.29	\$5.53
QC	\$6.83	\$3.49	\$7.48	\$2.90	\$0.79	\$1.93	\$2.85	\$26.26
ON	\$10.57	\$5.12	\$7.13	\$2.77	\$0.89	\$2.90	\$4.29	\$33.65
MB	\$2.23	\$0.63	\$0.94	\$0.36	\$0.22	\$0.45	\$0.44	\$5.27
SK	\$2.21	\$0.53	\$0.74	\$0.29	\$0.19	\$0.50	\$0.39	\$4.84
AB	\$3.19	\$1.28	\$1.73	\$0.67	\$0.31	\$0.66	\$1.08	\$8.93
BC	\$4.54	\$1.78	\$2.95	\$1.14	\$0.35	\$1.18	\$1.48	\$13.42
NU	\$0.01	\$0.01	\$0.16	\$0.06	\$0.10	\$0.02	\$0.01	\$0.37
NWT	\$0.15	\$0.02	\$0.09	\$0.03	\$0.11	\$0.03	\$0.02	\$0.44
YK	\$0.58	\$0.04	\$0.06	\$0.02	\$0.03	\$0.03	\$0.01	\$0.77

Question:

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

Issue: Administration of Renovation Programs

Provinces and territories are directly involved in the funding and administration of the renovation programs in most jurisdictions. CMHC delivers the programs in the others. Provinces, territories and CMHC may employ agents in the delivery of the program such as municipalities. The program delivery process involves applications, inspections, the hiring of contractors, payments and verification that the required renovation work has been completed.

Question:

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

3. Other General Comments on Renovation Programs

Please feel free to provide any additional general comments you may have on renovation programs.

D. Questions About Residential Rehabilitation Assistance Program (RRAP) Off-Reserve

This section addresses questions and issues concerning Homeowner RRAP, RRAP for Persons with Disabilities (RRAP-D), Rental and Rooming House RRAP and Conversion RRAP. The On-Reserve components of RRAP are addressed in Section E.

1. Introduction (see Appendix A for detailed program descriptions)

RRAP covers housing repair and rehabilitation support for different types of housing, areas and activities. Homeowner RRAP provides assistance to low income homeowners for repairs which address basic health and safety standards. RRAP for Persons with Disabilities funds home modifications and improvements which remove physical barriers to mobility and make existing housing more accessible to persons with disabilities. Rental and Rooming House RRAP provides financial assistance to private and non-profit landlords to repair rental and rooming house accommodation which is intended to be rented to low income people. Conversion RRAP enables non-residential property to be converted to rental and rooming house accommodation for low income people.

The last major program policy changes for RRAP were introduced in 1994, when program assistance levels were raised and targeting provisions were enhanced. The Conversion RRAP component was introduced in 1999 as part of the federal homelessness initiative.

In Newfoundland and Labrador, New Brunswick and Quebec, federal RRAP funding is used for certain provincial housing renovation programs with objectives similar to the federal program. These programs are described in Appendix A.

2. General Questions About RRAP

The various components of RRAP have similar guidelines such as maximum loan and forgiveness amounts. This section asks some general questions about these parameters.

Issue: Assistance Levels

In 1994, maximum RRAP loan assistance was raised to \$18,000 per unit in southern areas, \$21,000 in northern areas (RRAP Zone 2) and \$27,000 in far northern areas (RRAP Zone 3). Zone 3 consists of the three Territories, Northern Quebec north of the 55th parallel and Labrador. Zone 2 is a band which generally falls between the 50th and 55th parallel including the northern BC, the northern portion of the Prairie Provinces, Ontario north of the Lakehead and north-central Quebec from James Bay to the Strait of Belle Isle. Maximum forgiveness ranges from \$12,000 per unit in the south to \$18,000 per unit in Zone 3. Both loan and forgiveness levels can be increased by 25% in areas designated remote.

Question:

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

Issue: RRAP Zones

As noted under the previous issue, RRAP assistance levels are higher in northern and remote areas.

Question:

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

Issue: Focus on Health and Safety Items as Eligible Repairs

RRAP loan forgiveness is limited to mandatory work to resolve threats to health and safety and to extend the useful life of dwellings. Some have suggested that the focus could expand to include areas such as personal safety, for example.

Question:

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

Issue: Awareness of RRAP

There would appear to be concerns about general public awareness of RRAP generally or with respect to particular program components (e. g. RRAP for Persons with Disabilities or Rental and Rooming House RRAP).

Question:

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

Please feel free to provide any additional comments you may have on the Residential Rehabilitation Assistance Program.

3. Homeowner RRAP (Funding for Homeowner RRAP is delivered through provincial programs in Newfoundland and Labrador, New Brunswick and Quebec - see Appendix A)

Issue: House Value Thresholds

House Value Thresholds (HVTs) were introduced for RRAP in 1994 to ensure that RRAP would not be provided for "luxury housing". Applicants with homes priced above \$250,000 in the Greater Toronto, Greater Vancouver and Greater Victoria Census Metropolitan Areas, over \$175,000 in other larger urban centres and above \$125,000 in other areas of Canada are not eligible for RRAP for Homeowners and RRAP for Persons with Disabilities.

Question:

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

Issue: Client Ability to Repay Loans

Repayable RRAP loans are based on the cost of repairs as well as client income. Loan forgiveness for homeowners is based on a sliding scale. If client income is equal to or less than 60% of the core need income threshold for the area, forgiveness is 100%. If the income is higher, forgiveness falls to 0% as the income approaches the threshold (i.e. a larger part of the loan is repayable).

Example:

Maximum Loan Amount:	\$18,000
Actual Loan Amount:	\$16,000
Maximum Forgiveness:	\$12,000
Income Limit:	\$25,000
Actual Household Income:	\$20,000
% Forgiveness:	50% (income is 80% of income limit)
Loan Forgiveness:	\$ 8,000
Repayable Loan:	\$ 8,000

It has been suggested that the repayment burden may be too great for some and that the method of calculating payments (i.e. amortization period, interest rate on loan) may add to the burden. In some cases, clients with housing needs may not participate because they cannot or will not repay the loans.

Question:

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

Issue: Aboriginal Targets

The national target for Aboriginal participation in Homeowner RRAP off-Reserve has been 14% for several years. The provincial/territorial targets and achievements were as follows in 2000/01. The target participation rates have not been consistently met in all jurisdictions.

	<u>Target</u>	<u>Achievement</u>		<u>Target</u>	<u>Achievement</u>
Newfoundland and Labrador:	6%	7%	Ontario:	11%	7%
New Brunswick:	6%	1%	Alberta:	30%	11%
Nova Scotia:	2%	4%	British Columbia:	23%	5%
Prince Edward Island:	2%	1%	Yukon:	11%	5%
Saskatchewan:	34%	32%	Manitoba:	33%	17%

* RénoVillage operates in rural areas of Quebec, including the far north, but does not have a specific Aboriginal target.

Question:

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

Issue: Geographic Targeting

There are variations in renovation and repair needs within provinces and communities. In some cases, Homeowner and other components of RRAP have been targeted to certain areas such as inner cities and remote areas in combination with other programs and policies. In this way, RRAP has contributed to other goals such as community revitalization.

Question:

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

Please feel free to provide any additional comments you may have on Homeowner RRAP.

4. RRAP for Persons with Disabilities (Funding for RRAP for Persons with Disabilities is delivered through provincial programs in Newfoundland and Labrador, New Brunswick and Quebec - see Appendix A)

Issue: Income Testing

Income eligibility for RRAP for Persons with Disabilities is based on the housing income limits used for Homeowner RRAP. Some have suggested that this is not fair because households with persons with disabilities often have higher extra living costs due to the disability. Some other public programs and policies recognize such costs (e.g. income deductions for disabilities).

Question:

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

Issue: Modification Priorities

RRAP for Persons with Disabilities is a housing program. Therefore, the type of modification items which are eligible for program funding mainly relate to permanent fixtures and changes which improve access to and movement within the home. Some have argued that the list of eligible modification items should be expanded to include various other aids to daily living. There may also be overlap with other programs and policies (e.g. deductible medical expenses for income tax purposes).

Question:

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

Issue: New Construction

It has been suggested that RRAP for Persons with Disabilities should be used for new housing units during at the construction stage, instead of after the fact. As well, some forms of new housing which are intended to be accessible or may be modified as the needs of occupants change.

Question:

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

Issue: Stacking on Homeowner RRAP

Clients of RRAP for Persons with Disabilities are also required to bring up their homes to the minimum health and safety standards for Homeowner RRAP. While they can receive forgiveness assistance through both program components, this can lead to higher repayable loans. In some cases, clients with housing needs do not participate because they cannot or will not repay the loans.

Question:

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

Please feel free to provide any additional comments you may have on RRAP for Persons with Disabilities.

5. Rental and Rooming House RRAP (Funding for Rental and Rooming House RRAP is delivered through provincial programs in Newfoundland and Labrador, and Quebec - see Appendix A)

Issue: Program Take-up

Rental and Rooming House RRAP is targeted to landlords who serve or would serve low and moderate income renters. There are concerns that some program guidelines and procedures may discourage landlords or make it difficult for landlords to participate.

Question:

What are the constraints to program take-up and how could they be eased or eliminated?

Issue: Homelessness

Federal funding for Rental and Rooming House RRAP was increased in December 1999 as part of the national homelessness initiative. This is based on the premise that this component of the program helps people who are homeless or at risk of homelessness by preserving and improving low cost rental housing which would otherwise be lost from the stock.

Question:

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

Issue: Assistance Levels

Rental RRAP loan limits are \$18,000 per unit in the south rising to \$27,000 per unit in the far north, based on Homeowner RRAP. Rooming House limits are equal to two-thirds of the Rental RRAP limits. Rental and Rooming House loans are 100% forgiven, over a period of time based on a landlord's share of the total forgiveness amount.

Question:

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

Please feel free to provide any additional comments you may have on Rental and Rooming House RRAP.

6. Conversion RRAP (Funding for Conversion RRAP is delivered through provincial programs in Quebec - see Appendix A)

Issue: Adequacy of Assistance Level

Conversion RRAP has the same forgiveness levels as Rental and Rooming House RRAP. However, the objective of the program is to assist in the creation of affordable housing by converting existing non-residential structures.

Question:

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

Issue: Homelessness

Conversion RRAP was also introduced as part of the national homelessness initiative. It is based on the premise that there are non-residential buildings in urban areas which could be cost-effectively turned into various forms of low-cost housing for homeless people and low income people generally.

Question:

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

Issue: Availability of Buildings for Conversion

Conversion RRAP depends on a supply of suitable buildings in appropriate locations for conversion to low cost housing. The potential supply depends on a number of factors including zoning and the cost-effectiveness of conversion. It is apparent that such factors are limiting take-up in some communities. As well, some non-residential buildings currently used for residential purposes may not qualify for Conversion RRAP or other RRAP components.

It has also been suggested that Conversion RRAP could be extended to create additional affordable housing units in existing residential buildings (e.g. subdivision of larger homes, creation of legal accessory apartments or legal basement suites).

Question:

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

Please feel free to provide any additional comments you may have on Conversion RRAP.

E. Questions About RRAP on Indian Reserves

1. Introduction

On-Reserve RRAP is available to First Nations reserves or other lands set aside for Indians by the federal government. The program offers the same loan limits and loan terms as Homeowner RRAP off-reserve. A 25% supplement to both the maximum loan and the maximum forgiveness is available in areas defined as remote.

Due to the absence of rental markets on reserves, House Value Thresholds and Income Thresholds do not apply. In order to determine the applicable level of forgiveness for clients living on reserves, Forgiveness Income Limits (FILs) are established on an annual basis. FILs are calculated based on the minimum revenue required to carry the basic shelter costs of a new modest quality house. The maximum forgiveness is available where the household income is 60% or less of the FIL; forgivable amounts decline to 0% for households with incomes at the FIL.

Housing repair needs on Indian Reserves are vast. Fewer than 50% of housing units on Reserves are adequate, and a significant number need to be replaced because they are beyond repair. Although there have been significant improvements in the past decade, 6% of homes on Reserves still lacked adequate sewage disposal and 2% lacked adequate water delivery systems in 2000/2001.

2. Questions About RRAP on Indian Reserves

Issue: Relevance of RRAP to Reserves

RRAP on and off-Reserve have many similarities. However, the circumstances on-Reserve may require a different approach in terms of assistance levels and program requirements. For example, the need to address the prevalence of mold in homes on reserves may warrant special attention.

Question:

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

Issue: Level of Program Funding

The current total allocation of RRAP funding to Indian Reserves is approximately \$15.4 million per year. This will be reduced by \$7 million per year when the funding for the homelessness initiative expires on March 31, 2003. As well, there are currently On-Reserve allocations of \$1 million per year for the Shelter Enhancement Program and \$308,000 for Home Adaptations for Seniors Independence which will expire on March 31, 2003. In total, current CMHC renovation program funding on Indian Reserves presently represents approximately 13% of total renovation program funding.

Question:

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

Issue: Allocation of Program Funding

DIAND provides the national allocation of CMHC renovation program funding on Indian Reserves. The following chart shows the allocation of program funding by DIAND region in 2002/2003 in millions of dollars.

DIAND Region	RRAP	SEP	HASI
Atlantic	\$0.70	\$0.04	\$0.02
Quebec	\$1.70	\$0.11	\$0.04
Ontario	\$3.11	\$0.20	\$0.06
Manitoba	\$2.96	\$0.19	\$0.05
Saskatchewan	\$2.00	\$0.13	\$0.04
Alberta	\$2.40	\$0.16	\$0.03
British Columbia	\$2.18	\$0.14	\$0.07
Yukon	\$0.40	\$0.03	\$0.01
National	\$15.37	\$1.00	\$0.31

Question:

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

Issue: Coordination with DIAND Housing Programs

The Department of Indian Affairs and Northern Development (DIAND) also provides funding for housing repairs on Indian Reserves. Both CMHC and DIAND also provide housing supply funding.

Question:

Is RRAP well coordinated with DIAND and other housing programs? How could coordination be improved?

Issue: Useful Life/ Emergency Repair Program (ERP)

Many homes on Indian Reserves are beyond repair and need to be demolished and replaced with new housing. RRAP is intended to extend the useful life of a property for many years. ERP was originally based on the assumption that short-term assistance would help a family remain safely in a home until a new home could be built. However, ERP is not available on-Reserve.

Question:

Is an ERP-type program needed as a short-term solution for housing which will fall out of the stock but is required until new housing can be developed? If so, how should this work?

Issue: RRAP for Persons with Disabilities

Funding for RRAP on Reserves does not differentiate between the various RRAP components (e.g. Homeowner RRAP versus RRAP for Persons with Disabilities). It may be necessary to have separate allocations to distinguish between repair and accessibility needs. It has been suggested that the "all or nothing" requirement for RRAP for Persons with Disabilities to bring homes up to Homeowner RRAP standards is a barrier to program access.

Question:

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

Issue: Need for Conversion RRAP on Reserve

There is no separate allocation for Conversion RRAP on-Reserve at this time,(but First Nations may apply for funds from the Off- Reserve allocations). The supply of non-residential buildings which would be suited for residential conversion is not known. It has also been suggested that some of the Conversion RRAP program guidelines and requirements should not apply on-Reserve due to the lack of an active private rental market.

Question:

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

Please feel free to provide any additional comments you may have on RRAP as it applies to Indian Reserves.

F. Questions About the Emergency Repair Program - ERP (Funding for ERP is delivered through provincial programs in Newfoundland and Labrador, and New Brunswick- see Appendix A)

1. Introduction (see Appendix A for detailed program descriptions)

The Emergency Repair Program (ERP) provides home repair assistance to homeowners living in rural areas. Funding is in the form of a non-repayable contribution from \$4,635 per housing unit in southern Canada to \$8,242 per unit in RRAP Zone 3. The funding is for repairs which are required to ensure the continued safe occupancy of the housing .

2. Issues and Questions

Issue: Program Relevance

ERP was originally linked to the Rural and Native Housing (RNH) Program. ERP assistance was intended to bridge the gap until a new RNH home could be provided for a needy household. With the elimination of funding for new RNH homes, this role for ERP has ended.

ERP funding levels are significantly lower than RRAP and may only make housing safe for a relatively short period of time, or simply delaying eventual demolition.

Question:

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

Issue: Geographic Targeting

ERP has been targeted to low income people living in rural parts of northern Canada based on the assumption that some of worst housing adequacy problems are found in these areas.

Question:

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

Issue: Aboriginal Targeting

Many off-Reserve Aboriginal people live in the north and tend to experience housing conditions that are worse than those of non-Aboriginals. ERP has an annual national target of 80% for Aboriginal participation.

The provincial/territorial targets and achievements were as follows in 2000/01:

	<u>Target</u>	<u>Achievement</u>		<u>Target</u>	<u>Achievement</u>
Newfoundland:	6%	7%	Ontario:	77%	42%
New Brunswick:	6%	.01%	Alberta:	88%	42%
Nova Scotia:	43%	17%	British Columbia:	83%	3%
Prince Edward Island:	38%	6%	Yukon:	99%	6%
Saskatchewan:	89%	48%	Quebec	54%	.3%
Northwest Territories	95%	n/a	Manitoba	93%	97%

Question:

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

3. Other Comments on ERP

Please feel free to provide any other comments you may have on the Emergency Repair Program.

G. Questions About Home Adaptations for Seniors Independence -HASI (Funding for HASI is delivered through provincial programs in Newfoundland and Labrador, New Brunswick and Quebec - see Appendix A)

1. Introduction (see Appendix A for detailed program description)

Home Adaptations for Seniors Independence (HASI) provides grants of up to \$2,500 to make minor housing modifications to facilitate independent and safe living both on and off Indian Reserves. An evaluation conducted by CMHC in 1998 concluded that the program had been effective in enhancing the independence and safety of seniors as an alternative to institutionalization.

2. Issues and Questions

Issue: Relationship to RRAP for Persons with Disabilities

HASI and RRAP for Persons with Disabilities both provide financial assistance for housing modifications to accommodate a disability and serve the same income groups. However, RRAP is a richer program than HASI in terms of maximum funding and requires that Homeowner RRAP be used to address any health and safety issues. In contrast, HASI provides only \$2,500 and allows minor modifications which are not eligible for RRAP, and does not require stacking with Homeowner RRAP.

Question:

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

Issue: Assistance Level

The 1998 evaluation found that the maximum grant level of \$2,500 was insufficient in some cases.

Question:

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

Issue: Eligible Adaptations

Eligible HASI adaptations are generally limited to permanent home modifications to improve access to and movement within the home (e.g. installing grab bars, relocating washer and dryer to main floor of home, etc.).

Question:

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

Adaptation Item:**Rationale:**

3. Other Comments on HASI

Please feel free to provide any other comments you may have on Home Adaptations for Seniors Independence.

H. Questions About the Shelter Enhancement Program -SEP (Funding for SEP is delivered through a provincial program in Quebec - see Appendix A)

1. Introduction (see Appendix A for detailed program description)

The Shelter Enhancement Program (SEP) is part of the federal government's overall strategy to address family violence. SEP has a permanent annual budget of \$1.9 million to repair existing and create new shelters and second stage housing for women, children and youth who are victims of family violence both on and off Indian Reserves. In 1999, funding for the program was increased substantially for four years as part of the national homelessness initiative and eligibility was extended to youth who are victims of family violence.

2. Issues and Questions

Issue: Homelessness Component

A total of \$43 million was included as part of the national homelessness initiative for SEP and the program was expanded to include youth. The distinction between youth who are victims of family violence and youth who are on the street for other reasons is not always clear, yet both require shelter and housing.

Question:

Has this proven to be an effective way to provide housing for homeless youth? How could the program been improved?

Issue: Coordination of Services

SEP provides funding for the repair of existing family violence shelters and housing, as well as for the construction of new shelters and second stage housing. Assistance is in the form of capital grants. The housing providers seek out any ongoing operating funding they may need from other sources, including operating funding from Indian and Northern Affairs Canada for on-Reserve facilities. This funding is often unrelated to repairing or creating existing housing, but it is not always reliable.

Question:

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

3. Other Comments on SEP

Please feel free to provide any additional comments you may have on the Shelter Enhancement Program.

Appendix A : Description of Renovation Programs

1. Homeowner RRAP

Homeowner RRAP offers financial assistance to low income homeowners to bring their properties up to minimum levels of health and safety. To qualify, dwellings must require mandatory repairs and a household's income must be below the maximum established for the applicable area. The assistance is in the form of a loan, part of which may not have to be repaid.

In southern areas of Canada, the maximum loan is \$18,000; \$21,000 in northern areas; and, \$27,000 in far northern areas. The maximum amount that may be forgiven varies from \$12,000 in southern areas to \$18,000 in the farthest northern areas. The amount of forgiveness depends on household income and is based on a percentage of the cost of mandatory repairs.

The maximum forgiveness is available where the household income is 60% or less of the established Income Thresholds for the areas; forgivable amounts decline to 0% for households with incomes at threshold levels. The loan is forgiven over a period of 1 to 5 years. A 25% supplement to both the maximum loan and the maximum forgiveness is available in areas designated as remote. In addition, properties have to be valued below House Value Thresholds that reflect the average price of modest type housing.

2. Rental /Rooming House RRAP

Rental RRAP offers assistance to landlords of affordable housing to pay for mandatory repairs to self-contained units occupied by low-income tenants. The landlord is eligible if the household incomes of their tenants are below the established Income Thresholds for the area. The assistance is in the form of a fully forgivable loan. Maximum assistance varies from \$18,000 in southern areas to \$27,000 in northern remote areas.

The landlord has to enter into an agreement assuring that rents will remain affordable and that the units receiving assistance will continue to be occupied by low-income households. The duration of the rental agreement is based on the estimated economic life of the mandatory repairs and varies depending on the per unit level of forgiveness. Where 100% of the maximum forgivable assistance is provided, the term of the rental agreement is 15 years.

The Rooming House component provides assistance to owners of rooming houses intended for permanent accommodation with rents affordable to low-income individuals. Assistance is in the form of a fully forgivable loan of up to 100 percent of mandatory repair costs. The maximum forgivable amounts available are the same as for the Homeowner RRAP.

The loan is forgiven over a period of 4 to 15 years depending on the cost of the mandatory repairs and the amount of equity provided by the client. Non-mandatory repairs are ineligible to receive funding. The landlord is required to produce equity or use other sources of financing to cover repair costs not eligible for RRAP, repair costs which exceed the maximum forgivable loan available, or to reduce the term of the rental agreement.

3. RRAP for Persons with Disabilities

This program assists in the repair, improvement or modification of existing homeowner and rental housing to improve the accessibility of the dwelling for persons with disabilities. Homeowners must

meet the same established Income Thresholds and house value eligibility criteria as under the Homeowner RRAP. Similarly, landlords must intend to rent to households with income below the established Income Thresholds and set both the pre and post RRAP rents below the median market rent for their area to be eligible. The loan limits, loan terms and conditions are the same as those for the Homeowner, Rental and Rooming House RRAP.

4. On-Reserve RRAP

On-Reserve RRAP is available to First Nations living on Indian Reserves or lands set aside by the federal government. The program offers the same loan limits and loan terms as Homeowner RRAP. A 25% supplement to both the maximum loan and the maximum forgiveness is available in areas defined as remote.

Due to the absence of a rental market on all reserves, House Value Thresholds and Income Thresholds do not apply on-reserve. In order to determine the applicable level of forgiveness for clients living on reserves, Forgiveness Income Limits (FILs) are established on an annual basis. FILs are calculated based on the minimum revenue required to carry the basic shelter costs of a new modest quality house. The maximum forgiveness is available where the household income is 60% or less of the FIL; forgivable amounts decline to 0% for households with incomes at the FIL.

5. RRAP Conversion

RRAP Conversion assists in the creation of affordable housing for low income households by providing financial assistance to convert non-residential properties into affordable, self-contained rental housing units or bed-units. The program offers the same loan limits and loan terms as Rental and Rooming House RRAP. A 25% supplement to both the maximum loan and the maximum forgiveness is available in areas defined as remote. Eligibility under this program is limited to properties which are environmentally safe, which can feasibly be converted to residential accommodation and which will be viable based on agreed post-conversion rents.

6. Emergency Repair Program (ERP)

This program assists homeowners in rural and remote areas to undertake emergency repairs necessary for the continued safe occupancy of the unit. In order to be eligible for assistance under the program, the total household income must be at or below the established Income Threshold for the area. The financial assistance is in the form of a contribution that does not have to be repaid. The total contribution depends on the cost of the repairs and the location of the dwelling. The maximum contribution varies from \$4,635 in southern areas of Canada to \$8,242 in the farthest northern areas.

7. Home Adaptations for Seniors' Independence (HASI)

Homeowners and landlords may apply for HASI; however, to be eligible the occupant(s) of the unit intended for modifications must be individuals aged 65 or over:

- where the income of the household is less than the established Income Thresholds for the area and the type of household, and,
- where the occupant(s) has difficulties in daily living within the home that can be helped by the program's eligible adaptations.

Clients are entitled to apply for HASI assistance with a cumulative life-time limit of \$2,500 and are limited to a maximum of 2 applications. This includes applications dating back to the beginning of the program in 1992. The exact amount of the forgivable loan is based on material costs and labour necessary for required adaptations. Households who receive HASI may apply under RRAP for assistance with major repairs. Stacking of HASI assistance with RRAP for Disabled Persons is also permissible. The combined total of RRAP and HASI cannot exceed the maximum forgivable RRAP loan established for the applicant zone. HASI is also available to on-reserve communities.

8. Shelter Enhancement Program (SEP)

This program has two components: the renovation/upgrading of existing emergency shelters; and the development of additional emergency shelter space and second stage housing. The assistance is in the form of a forgivable loan and varies according to the three rehabilitation zones as follows: zone 1 - \$18,000; zone 2 - \$21,000; and zone 3 - \$27,000.

9. Provincial Program Variations

In most jurisdictions where the provincial/territorial housing authority is the active party, the assistance is provided under the current RRAP, ERP HASI and SEP program parameters. In some jurisdictions, however, the F/P renovation assistance is realigned under different programs. The following is a description of these provincial program variations.

a. Provincial Home Repair Program (Newfoundland and Labrador)

In Newfoundland and Labrador, funds for RRAP (Homeowner, Rental/Rooming House, Persons with Disabilities), ERP and HASI are delivered via the Provincial Home Repair Program which includes a Home Renovation Program (HRP). The HRP assists applicants with incomes below the Housing Incomes Limits who own and occupy substandard housing to repair or renovate their dwellings to correct fire and life safety deficiencies, to make the dwellings accessible to persons with disabilities, or to carry out modifications that will make it easier for seniors experiencing difficulties in daily living to remain in the dwellings. Assistance is provided as a loan or a grant depending on the income and cost of eligible repairs. The maximum repayable loan amount is \$10,000 (\$13,000 in Coastal Labrador) and the maximum grant is \$5,000 (\$6,500 in Coastal Labrador). Disabled households can access funding in two program components and double the maximum assistance for which they are eligible.

b. F/P Repair Program (New Brunswick)

In N.B., funds for RRAP (H.O., Disabled), ERP and HASI are delivered via the F/P Repair Program. This program offers assistance to low income homeowners occupying existing substandard housing to repair, rehabilitate or improve their dwellings to a minimum level of health and safety. Assistance is also available to improve the accessibility of homeowner or rental units for persons with disabilities, to undertake adaptations for low income seniors who have difficulty with daily living activities in the home and to assist eligible households to accommodate an aging parent. Assistance is provided as a loan, all or part of which is forgivable. While there are no ceiling on the loan amount, the maximum forgivable portion is \$5,000 per unit. Landlords are eligible for a forgivable loan only. All assistance is targeted to households with income below the Housing Income Limits. As per the agreement signed January 1999, modifications to accommodate an aging parent are not covered under the F/P Cost-sharing Agreement. While Rental/Rooming House and Conversion RRAP are being delivered in N.B., a 25% contribution toward the cost of eligible repairs is required from private landlords.

c. Revitalization (Québec)

The objective of this program is to revitalize older districts in urban centers. This program provides financial assistance to owners of homes, rental buildings and rooming houses where the dwellings have major defects or do not meet municipal by-laws. This program is different from the federal RRAP in that the parameters are set by each of the participating municipalities within the boundaries established by the Société d'habitation du Québec (SHQ). In addition, no income limit is imposed on the occupants of the properties benefiting from the program. However, under the agreement reached with the SHQ, the share of the funds corresponding to the F/P budget must be allocated to households whose income is below the established Income Thresholds. As well, the maximum federal/provincial assistance per housing unit is \$13,500.

d. Programme d'adaptation de domicile (PAD) (Québec)

The objective of this program is to assist persons with disabilities by providing financial assistance to pay the cost of modifications necessary to ensure properties are accessible and adapted to their needs. The maximum assistance may attain \$16,000 for a homeowner household, \$8,000 for a renter household and \$4,000 for a household renting a room. The maximum assistance eligible for cost-sharing is \$12,000. In addition, the program is not targeted to households according to their income; however, under the agreement signed in December 1998, all F/P assistance for this program is targeted to households whose income is below the established Income Thresholds.

e. RénoVillage (Québec)

This program is aimed at providing assistance to modest-income homeowners in rural areas to enable them to repair major defects on their residence. This program is similar to the federal Homeowner RRAP but is available in rural areas only. In addition, the income limit to benefit from this program generally varies from \$25,000 to \$33,000. The subsidy may attain 90% of the cost of eligible work, up to a maximum of \$6,500. A minimum cost in the order of \$2,000 is also required. As in the case with PAD, the F/P budget is fully targeted to households with income below the established Income Thresholds.

f. AccèsLogis (Quebec)

In Quebec, a portion of the funds for the SEP and funds for RRAP Conversion are delivered via the provincial program "AccèsLogis." This program assists in the creation of social housing projects. A first component of the program targets the development of projects for low income families, singles, independent seniors and some clients with special needs. A second component consists of the creation of housing projects for seniors with decreasing independence whereas the third component targets special needs clients requiring temporary or permanent housing. To accommodate SEP, the third component includes a specific section for the creation of shelters for women, children and youth victims of family violence.

To be eligible for assistance under this program, groups must provide a minimum contribution which varies from 5% to 22% of the eligible costs based on the clients served. However, a minimum contribution is not required for projects targeted to the homeless or victims of family violence. While SHQ is financing an array of projects within its provincial program, only those projects meeting all parameters of the existing RRAP Conversion and SEP initiatives covering the creation of new units and beds can be selected for F/P cost-sharing purposes.