

ASSESSMENT REPORT
PUBLIC HOUSING EVALUATION

PROGRAM EVALUATION DIVISION
CANADA MORTGAGE AND HOUSING CORPORATION

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1. INTRODUCTION

This assessment report establishes the terms of reference for evaluating the Public Housing Program. It identifies evaluation issues which could be examined, outlines a range of evaluation approaches which could be pursued and recommends a preferred strategy for the evaluation. The ensuing evaluation study will, in turn, provide input to future policy work on issues concerning the existing social housing stock and the public housing stock in particular, and will also provide input to the Federal/Provincial/Territorial Housing Officials' Committee.

The mandate of the Public Housing Program, which is to assist households in need who cannot obtain affordable, suitable and adequate shelter in the private market, is relatively straightforward. However, the evaluation has the potential to be very complex. First of all, the Public Housing Program covers three distinct sections of the National Housing Act (40,43,44). Second, there are three distinct programs comprising the Public Housing Program, namely the Section 40 Federal/Provincial Program, the Section 43/44 Regular Program and the Section 44 Provincially-Financed Program. Administratively, the latter two programs are treated as one program, referred to as the Section 44 Regular Program. Third, the program was initiated in 1949 and it is still in operation. Also, the program involves the three levels of government, is targeted to two principal client groups, and encompasses almost 5000 projects of varying designs and over 200,000 dwelling units across the country.

The focus of the evaluation study will be on the current and future condition and management of the existing stock of public housing units and not on an examination of past delivery. This focus is appropriate as an increasing priority is being given to portfolio management by housing agencies throughout Canada. Also, the Public Housing Program no longer produces new units, yet sizeable federal subsidies are incurred on the units already built.

1.1 Reasons For The Evaluation

There are many reasons why an evaluation of the current condition and management of the Public Housing Program would be useful and appropriate at this time:

The Federal Government currently spends over \$400 million annually to support the public housing stock, or about 30 per cent of total CMHC expenditures on social housing. Even though new commitment activity under the program has ceased, public housing expenditures continue to grow as past commitments are honoured, reducing budgetary flexibility in the housing field. In view of such concerns, Federal and Provincial Housing Ministers recently identified the proper maintenance, preservation and overall management of the existing social housing stock, particularly the public housing stock, as a major priority.

A sizeable portfolio of approximately 206,000 public housing units has been built since the initiation of the program in 1949. Questions continue to be raised about the condition of this public housing stock, yet a comprehensive assessment of its condition has never been undertaken. There are concerns that part of the stock may be in poor physical condition for a variety of reasons including the aging process, changing construction standards, tenant abuse and inadequate maintenance over the years. If such is the case, the Federal and Provincial Governments, as well as participating municipalities, could lose their large investments in the public housing stock and be exposed to the risk of public housing subsidies increasing uncontrollably if the stock deteriorates and operating costs increase dramatically.

In the possible event that the repair costs for some projects are found to be excessive, alternative strategies for the use of public housing projects would have to be considered. Due to the lack of a comprehensive assessment of the condition of the public housing stock, it has not been possible to date to consider alternative strategies for dealing with a deteriorating public housing stock in a systematic fashion.

There are also concerns that part of the public housing stock may be inferior in space and amenities to housing built under current construction standards and that it might also be inappropriate or unsuitable for current and future social housing populations. The design of projects under the program was initially targeted to larger families and to an independent seniors population. However, the client group is changing to include greater numbers of smaller families, single parent households, singles and "old old" senior citizens. At the same time, some bachelor units are so small as to be no longer acceptable. Some projects are located distant from community amenities and services. These factors could lead to a "mismatch" occurring between the original design and the current clientele which in turn may lead to vacancies in some unit types and even greater demand for other unit types. The ultimate result would be reduced operating efficiencies.

A physically substandard and/or unsuitably designed public housing stock could result in inequitable treatment among social housing beneficiaries. It could mean that those moving into public housing units are not really having their housing problem resolved on "adequacy" and "suitability" grounds.

Public housing tenants have been stigmatized in the past for living in these projects and nearby residents have expressed concern and sometimes outright opposition to the location of projects in their neighbourhoods. Also, tenants have expressed concern about the character of the living environment provided by public housing projects.

CMHC's 1987-1991 Strategic Plan notes that there remain more than one million households in the country who cannot afford adequate and suitable accommodation in the market. At the same time, the

Public Housing Program represents a major portion of the Federal government's limited resources available for housing needy households. The evaluation presents the opportunity to gain insights that could assist the Federal Government in ensuring that limited housing resources are targeted effectively to those in greatest need and in proportion to the relative shares of need amongst client groups and regions.

Finally, it is the Corporation's policy that evaluations of all CMHC programs be conducted on a cyclical basis and be completed within a five year period. The Public Housing Program is one of the largest social housing programs in the country in terms of units and total expenditures, yet a full evaluation of the Program has not been undertaken to date. An initial study was conducted in 1977. The Public Housing Program was also included as part of CMHC's 1984 Social Housing Review, but the Review did not constitute an in-depth evaluation of the Program.

1.2 Uses Of The Evaluation

The proposed evaluation study will provide insights into many important issues. The following is a list of some of the general and specific uses to which the study could be put:

- to determine the extent to which the objectives and mandate of the program are still relevant;
- to provide a clear indication of the physical condition of the public housing stock in order to plan and cost future work required to maintain or restore it.
- to determine the extent to which redesign and redevelopment needs exist in the public housing stock;
- to assess current maintenance practices being applied to the public housing stock and to aid in the development of a comprehensive maintenance strategy if required.
- to identify opportunities for making the management and administration of the current program more efficient and effective;
- to measure effectiveness of program targeting with respect to the various client groups and to aid in the enhancement of program targeting if required;
- to find out the extent to which clients are using the public housing stock as a permanent source of shelter;
- to measure the quality of, and make recommendations for the improvement of, the social and living environments provided by public housing projects;
- to determine whether and to what extent public housing residents have been assimilated into their surrounding

communities; and,

- to identify important lessons for increasing the efficiency of related existing and future programs;

1.3 Scope Of The Evaluation

As noted in the Introduction, the evaluation will focus on the current condition and management of the existing stock of public housing units and not on past delivery during the production phase of the program. In this context, management is viewed as being much wider in scope than the day-to-day operation of individual projects. Among other concerns, the management of the existing stock involves: preservation and maintenance strategies; operating cost efficiency strategies; modernization and conversion strategies; improvements to the living environments provided by projects as well as enhanced tenant access and integration; ensuring that units are targeted to those in greatest need and relative to differing levels of need amongst client groups; and identifying particularly successful management styles and methods.

In order to address the full range of issues related to the management of the existing public housing stock, a number of specially designed surveys will be required to collect the appropriate data, including physical condition inspections, tenant surveys, on-site project manager surveys and surveys of provincial housing officials.

The evaluation will be contained to an examination of the Section 40 Federal/Provincial, the Section 43/44 Regular and the Section 44 Provincially-Financed sub-programs of the Public Housing Program. These three programs form an appropriate program evaluation component in view of the similarity of the program designs, objectives and outputs. Several other programs delivered under Sections 40, 43 and 44 are therefore excluded from the evaluation. These include the Rural and Native Housing Program, Section 43 loans on non-public housing projects, the Section 44(1)(a) Private Landlord Rent Supplement Program, the Section 44(1)(b) Non-Profit and Co-operative Rent Supplement Program, and the Section 40 Land Assembly Program. Similarly, the Section 42 Land Assembly Program, which has had some direct influence on Section 43/44 Regular Program activity, is excluded.

1.4 Evaluation Schedule

This evaluation, initiated during the month of January, 1987, is scheduled for completion in 1988. Timely completion of the evaluation is an important consideration given Treasury Board requirements for information on the physical condition of the existing stock.

Since the initial draft assessment report was completed in April, 1987, the document has undergone several iterations. Emphasis has been placed on the development of priority issues, the elaboration of research methods and indicators in the analysis plan and establishment of the relative merits of various approaches to the evaluation.

Initial consultations have taken place with CMHC officials at National Office and in the field, and with the provinces through the Federal/Provincial/Territorial Sub-Committee on the Existing Housing Stock.

Under the recommended option, the evaluation team is targeting to be in the field surveying in October. Initial data would then be available early in the new year, permitting some analysis on housing quality issues to be undertaken for the 1988 Managers' Conference. More detailed analysis would follow, permitting a draft report to be completed by mid-year.

2. PROGRAM PROFILE

2.1 Program Description

New commitment activity under the Public Housing Program ceased as of December 31st, 1985. Nonetheless, the original production phase will be described in addition to the current operating phase since several of the identified evaluation issues relate back to original project design and construction. For a more detailed description of the programs, refer to Annex "C".

Section 40 Federal/Provincial Program:

Under Section 40 of the NHA, CMHC and the government of a province or territory entered into agreements for the construction or acquisition of public housing projects.

Capital costs were shared 75/25 by the federal and provincial/territorial governments respectively. The provinces and territories, in turn, could request that municipalities participate in their 25 per cent share. Amortization of the costs was spread over a period of up to 50 years with interest rates set by CMHC.

Operating losses on the Section 40 projects are cost-shared on the same basis as the original project costs. The projects are managed by housing authorities, or their equivalent, set up by the provinces/territories.

Rents charged to the occupants are based on the federal or a provincial/territorial rent-geared-to-income scale and generally equal 25 per cent or less of a household's income (except in B.C. and New Brunswick where the upper range has recently been revised upward to 30 per cent). Federal subsidies are calculated according to the scale producing the higher revenues.

Sections 43/44 Regular and 44 Provincially-Financed Programs:

Under Section 43 of the NHA, CMHC made long term loans to provinces, territories, municipalities, or public housing agencies for the construction or acquisition of a public housing project. The loan could not exceed 90 per cent of the approved project capital costs and had an amortization period of 50 years. The projects are owned and operated by the provinces, territories, municipalities or public housing agencies. Under the Section 44 Provincially-Financed Program, the projects were financed entirely by the provinces and territories, i.e. there were no Section 43 loans involved.

Upon execution of a Federal/Provincial Operating Agreement, the federal and provincial/territorial governments commenced the sharing of operating losses on a 50/50 basis under Section 44 of the NHA.

Rents charged to the occupants are based on the same federal or provincial/territorial rent-to-income scales as employed in the

Section 40 Federal/Provincial Program. The calculation of operating losses, for federal subsidy purposes, uses the scale producing the greater revenues.

2.2 Program Objectives

The Public Housing Program's officially-stated objectives were established during the production phase of the program and appear in CMHC's program delivery Guidelines and Procedures manuals. These objectives contain a large degree of overlap between sub-programs and are as follows:

Section 40 Federal/Provincial Program:

1. To provide adequate housing accommodation for individuals and families of low income within their financial capabilities.
2. To achieve the production of public housing in the most efficient and effective manner and at reasonable cost to the governments involved.
3. To cost share with the provinces the difference between the rent paid according to the rental scale and the actual cost of amortizing and operating the project.

Section 43/44 Regular Program:

1. To provide decent, safe and sanitary housing for individuals and families of low income suitable to their identified needs and at rents they can afford.
2. To increase the housing stock available to low income people.
3. To provide accommodation which most effectively integrates public housing occupants into the community.
4. To achieve the production of public housing in the most efficient and effective manner and at reasonable cost to the governments involved.

Section 44 Provincially-Financed Program:

1. To provide adequate housing accommodation for individuals and families of low income within their financial capabilities.
2. To cost share with the provinces the difference between the rent paid according to the rental scale and the actual cost of amortizing and operating the project.

It should be noted that there are no officially-stated program

objectives for the ongoing administration of the Public Housing Program. However, in recognition of the fact that the Public Housing Program is now entirely property management oriented, CMHC's Program Portfolio Management Division (PPMD) has re-stated the original delivery-oriented objectives in its internal administrative work routines (there are no administrative Guidelines and Procedures manuals for the Public Housing Program). This re-statement of program objectives did not entail the development of any new objectives, but rather the deletion of those original objectives which were delivery oriented, and the slight re-wording of the remaining ones. The resulting current management objectives stated in PPMD's administrative work routines are as follows:

Section 40 Federal/Provincial Program:

1. To accommodate individuals and families of low income at rentals which are within their financial capabilities.
2. To cost-share with the provinces the difference between the rent paid according to the rental scale and the actual cost of amortizing and operating the project.

Section 44 Regular Program (43/44 Regular and 44 Provincially-Financed):

1. To accommodate families of low income in modest housing at rentals which are within their financial capabilities.
2. To cost-share with the provinces the difference between the rent paid according to the rental scale and the actual expenses of amortizing and operating the project.

Several working-level administrative objectives have arisen from time to time. For instance, the first objective of the 1987 Work Plan of CMHC's Program Portfolio Management Division is "To enhance the overall administration and management of the Corporation's public and rural and native housing portfolios." Several goals pertaining to the Public Housing Program fall out of this general objective.

The important point to note is that there has been no comprehensive and systematic attempt to date aimed at re-evaluating and re-stating the Public Housing Program's objectives to reflect the fact that it has shifted out of the delivery phase and now remains solely in the management phase.

2.3 History of the Public Housing Program

The record of publicly supported social housing in Canada began in 1938 with the passing of the first National Housing Act. This Act included a new federal program designed to accommodate low income households. Specifically, the program assisted local housing authorities, limited dividend housing companies and non-profit housing associations in the construction of low income

rental housing projects to be leased at below market rents to low and moderate income families. In return for 90 per cent direct federal long term loans at preferred interest rates, the companies were required to limit their return on equity to a maximum of 5 per cent and rents charged could not exceed 20 per cent of family income.

It was not until the NHA Amendments of 1949 that the first program identified as "public housing" was introduced -- the Section 40 Federal/Provincial Public Housing Program. This program launched the federal/provincial partnership technique to acquire and develop land and to design, build and operate public housing projects. The federal/provincial partnership shared initial capital costs and operating losses on a 75%/25% basis respectively. As majority owner, CMHC accepted responsibility for approving, planning and designing public housing projects, although the management and administration of the projects and the program's clients were in most cases taken on by the provinces. Initially, the provinces were unenthusiastic about this responsibility, leading to low levels of activity in the early years of the program. Take-up by some provinces was consistently low over the course of the program. In addition to its use as a means of upgrading the housing quality of low income households, the Section 40 Program was also used by some provinces in the redevelopment of blighted areas.

The design of the Section 40 Federal/Provincial Program and its operation led to a number of concerns regarding its overall effectiveness. First, there did not appear to be provincial willingness --largely for financial and organizational reasons -- to address the housing problems of urban populations. The limited provincial/territorial share in the partnership was thought to contribute to a lower level of commitment from the provinces and territories; it was therefore seen as an impediment to the design, construction quality and resulting subsidies associated with housing projects. The federal government would have to delegate more responsibility to the provinces and territories.

Second, the Section 40 Federal/Provincial Program had removed the municipalities from any significant role in the delivery of public housing; yet municipalities are often most affected by the program both in terms of its benefits and problems. The involvement of municipalities could have an impact in terms of minimizing costs, identifying social needs and improving the overall quality of housing.

The NHA Amendments of 1964 addressed these problems with the introduction of a new program -- the Section 43/44 Regular Public Housing Program. These amendments also introduced the Section 44 Provincially-Financed Public Housing Program. Under Section 43, loans were offered by CMHC to municipalities and provinces/territories for up to ninety per cent of the capital costs for public housing projects. Section 44 authorized CMHC to absorb 50 per cent of operating losses associated with public housing projects for a period not exceeding 50 years. Provincial interest

and program take-up increased with the introduction of the new program as the initial capital cost of building projects was now only 10 percent (versus 25 per cent under the Section 40 program) and the provinces/territories retained ownership of the projects (unlike the Section 40 program). This is despite the fact that the provincial/territorial share of operating losses increased from 25 per cent to 50 per cent. The dramatic increase in the use of these programs under the NHA provided a strong impetus to the provinces to establish housing agencies of their own.

Up until the 1960's, federal social housing policy was dominated by the desire to increase the volume of residential construction. During the sixties, interest groups emerged to represent such issues as tenant and community involvement, neighbourhood preservation and better housing standards. There was also a great deal of debate over government responsibility for housing. Providing access to adequate and affordable housing was viewed as a philanthropic gesture or as a right, similar to the right to basic health care or education, to be guaranteed by the federal government to all Canadians. Efforts to improve the housing of low-income Canadians and self-help mechanisms for program delivery became increasingly viewed as part of a broader effort to redistribute income and control over community resources rather than just as a means of providing housing for those not served by the private housing market.

The 1969 (Hellyer) Task Force on Housing and Urban Development recommended that the federal government declare the right of Canadians to adequate housing in a sound economic environment. The report of the Hellyer Task Force also criticized the physical adequacy and quality of life in the large, high density public housing projects springing up in major urban centres. In response to Task Force criticisms, guidelines introduced in 1970 reduced the maximum rent-to-income ratio from 30% to 25% to permit higher income tenants to stay on and stabilize the public housing community.

Although NHA direct aid to low income groups had increased and the stock of public housing continued to grow, the number of low income families, individuals and elderly people in need of assistance remained high. There were increasing social problems being experienced in large-scale projects, prompting a sustained anti-public housing reaction from the public. These concerns, coupled with the rise in public housing operating losses, spurred the federal government to consider alternative techniques of providing low income housing. In 1973, the Section 15.1 Non-Profit and Section 34.18 Co-op Programs were introduced.

The deciding factor in the move away from public housing was the substantial capital cost of building these projects. The Section 56.1 Non-Profit and Co-op Programs relied on private sector capital and provided an alternative to public housing. In 1978 the Section 43/44 Regular and Section 44 Provincially-Financed Programs were terminated, except in the Northwest Territories where activity continued until the end of 1983, while the use of Section 40 was restricted to those provinces and territories that

had used it over the past decade, i.e. Newfoundland, New Brunswick, P.E.I., Nova Scotia, Saskatchewan and the Northwest Territories. With the introduction of the new social housing package in 1986, new commitment activity ceased under Section 40. Section 56.1 now provides the legislative authority for building social housing projects 100% targeted to low income households.

The late 1970's witnessed the move by the Federal government towards program streamlining and administrative simplification of the Public Housing Program. The Program's budgeting and claims settlement process was simplified. Under the former non-simplified process, budgets were prepared for each project; the provinces/territories in turn would review and submit these individual project budgets for CMHC approval. Under the current simplified process, only consolidated provincial/territorial portfolio budgets have to be submitted to CMHC for approval (see Section 2.5).

As noted earlier, an area of increasing focus is the state of the existing public housing portfolio. Both this and administrative economies in public housing were discussed at the Housing Ministers Conference in July 1986. As a result, the Federal/Provincial/Territorial Sub-Committee on the Maintenance and Preservation of the Existing Housing Stock was formed. Due to the large size of both the public housing stock and its associated annual budgetary expenditures, the Public Housing Program has been identified as a particularly important area of concern. Enhanced portfolio management of the social housing stock is also emphasized in CMHC's 1987 - 1991 Strategic Plan.

In CMHC, administration of the Public Housing Program is currently handled centrally at National Office. However, the Program Portfolio Management Division relies heavily on field offices for support, particularly with respect to initial contact and recommendations regarding modernization and improvement activity. The National Office Review Study, undertaken by CMHC in 1986, confirmed the potential to decentralize responsibility for CMHC administration of the Public Housing Program to the field. The transfer of day-to-day administrative practices, including the review and analysis of budgets and payment of claims, is scheduled to be completed some time in 1988.

PUBLIC HOUSING IN CANADA
A SUMMARY OF IMPORTANT DATES

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Passing of the National Housing Act which initiated social housing in Canada	1938	
	:	
	:	
	:	
	1944	Graduated Rent Scale (GRS) introduced
	:	
	:	
Canada's first public housing project initiated -- Regent Park North in Toronto	1948	
	:	
	:	
	1949	NHA amendments enacted Sec. 40 F/P partnerships for public housing
	:	
	:	
	1950	
First public housing projects approved in Newfoundland, Nova Scotia, New Brunswick, and B.C.	:	
	:	
	1951	First public housing projects approved in Ontario
	:	
	:	
First public housing project approved in Saskatchewan	1953	
	:	
	:	
	1956	Quebec's first public housing project (and only Sec. 40 project) approved in Montreal
	:	
	:	
First public housing project approved in Manitoba	1962	
	:	
	:	
	1964	NHA amendments introduced Sec. 43/44 Regular and Sec 44 Provincially-Financed Programs; First Sec. 43/44 project approved in Canada, in Ontario
	:	
	:	
First public housing project (Sec. 40) approved in Alberta	1966	
	:	
	:	
	1967	First public housing project (Sec. 40) approved in P.E.I.
	:	
	:	
Hellyer Task Force establishes that large-scale public housing projects no longer considered an acceptable strategy for delivering low income housing	1969	
	:	
	:	
	1970	First public housing project (Sec. 40) approved in N.W.T.; Canadian Org. of Public Housing Tenants (COPHT) established
	:	
	:	
First public housing project (Sec. 40) in Yukon approved; National Conference of Public Housing Tenants held in Ottawa	1971	
	:	
	:	
	1973	Non-Profit & Co-operative Housing Programs introduced, providing an alternative to public housing
	:	
	:	
Sec. 43 P. H. terminated, except in N.W.T. where activity terminated in 1983; Sec. 40 restricted to the six provinces already using the program	1978	
	:	
	:	
	1981	Simplified process for program administration introduced
	:	
	:	
Sec. 40 P.H. terminated; new package of social housing programs implemented; CMHC Nat'l. Office Review confirms potential to decentralize program admin. to the field	1985/86	
	:	
	:	
	1987	First meeting of the F/P/T sub-committee on the Maintenance & Preservation of the Existing Housing Stock; CMHC's 1987-1991 Strategic Plan emphasizes enhanced portfolio management of the public housing stock.
	:	
	:	
=====		

2.4 Program Logic

OBJECTIVES	<div> <div>Section 40</div> <div>Provide Low Income Housing</div> </div>			
	<div> <div>Section 43</div> <div>Provide Low Income Housing</div> </div>			
	<div> <div>Section 44</div> <div>Provide Low Income Housing</div> </div>			
	<div> <div>Achieve Reasonable Costs</div> <div>Cost-Share Capital and Operating Costs</div> <div>Increase Low Income Stock</div> <div>Achieve Reasonable Costs</div> <div>Integrate Public Housing Into Community</div> <div>Cost-Share Capital and Operating Costs</div> </div>			
	PHYSICAL	SOCIAL	MANAGERIAL	FINANCIAL
Outputs/ Products	<ul style="list-style-type: none"> Newly built or renovated low-income housing projects 	<ul style="list-style-type: none"> Low income tenant populations 	<ul style="list-style-type: none"> Property Management Environment <ul style="list-style-type: none"> tenants stock community Tenant selection criteria Federal and Provincial program administration guidelines Housing Authorities/Corporations 	<ul style="list-style-type: none"> Subsidies: <ul style="list-style-type: none"> S.40:75%/25% S.44:50%/50%
Direct Impacts	<ul style="list-style-type: none"> Increased housing stock available to low income households Improved physical living conditions for low income households (reduction in level of 'inadequacy' housing need) 	<ul style="list-style-type: none"> Reduction in level of 'suitability' housing need Improved social living conditions for low income households Tenant organizations within public housing projects 	<ul style="list-style-type: none"> Efficient movement of tenants as needs change Efficient treatment of rental arrears 	<ul style="list-style-type: none"> On-going commitment to provide subsidies for up to 50 years (locked-in) Need to control operating subsidies Reduction in level of "affordability" housing need
Indirect Impacts	<ul style="list-style-type: none"> Responsibilities for maintenance Deterioration of the stock due to: <ul style="list-style-type: none"> poor quality of initial construction normal wear and tear abuse/vandalism structural defects poor maintenance practice functional obsolescence Static/inflexible stock versus changing client profile and market norms/expectations 	<ul style="list-style-type: none"> Public housing being used as a permanent, rather than transitory, source of shelter Community acceptance/resentment linked to: <ul style="list-style-type: none"> project size project condition ethnicity perceptions of tenant behaviour Potential for concentrations of social problems 	<ul style="list-style-type: none"> Above-normal responsibilities for managers (social aspects) Below-normal landlord powers (tenant selection/eviction) Creative management strategy for dealing with abuse/vandalism Varying manager/tenant relations attributable to: <ul style="list-style-type: none"> community facilities project size, design ethnicity; etc. Program flexibility has resulted in provincial variances in operating practices for a national housing program Provincial management of a resource requiring large-scale federal subsidies. 	<ul style="list-style-type: none"> Increased repair costs as stock deteriorates Underutilization of stock due to potential mismatch between clients and units

* Some of the points noted above are hypothesized

2.5 Program Management

From CMHC's perspective, the management of the Public Housing Program involves the budgeting and claims settlement process and the overall administration of the program operating agreements. Program management is similar for the Section 40 Federal/Provincial, Section 43/44 Regular and Section 44 Provincially-Financed Programs. The master and project operating agreements entered into with the provinces and territories charge them with the day-to-day management of the public housing portfolio. Consequently, varying practices are employed across the country in the management of the Public Housing Program.

CMHC is required to provide Treasury Board with public housing subsidy estimates as part of the Main Estimates exercise. The Main Estimate provisions for any fiscal year are based on CMHC National Office expectations regarding requirements reflective of immediate prior year budget and actual expenditure activity. In addition, CMHC builds an allowance into the Main Estimates to account for the fact that many provinces/territories do not include all eligible operating costs in their budget requests and also to account for unforeseen circumstances. The Public Housing Program must be managed and administered within the provisions of the approved Main Estimates, or as subsequently amended by way of approved Supplementary Estimates. While this mechanism appears to provide an overall expenditure cap on the program, in actuality it does not. Currently, CMHC is able to accommodate supplementary budget requests from the provinces/territories within the funding level approved in the Main Estimates. However, if public housing operating costs were to escalate dramatically, above the funding level approved in the Main Estimates and beyond the point where budget re-allocations within CMHC could meet the requirements, the Federal government would be bound by the master and project operating agreements to honour any legitimate provincial/territorial expense.

Under the current simplified budgeting and claims settlement process, each province must review and approve detailed project estimates of operating costs and revenues and certify to CMHC that they meet program criteria. A consolidated portfolio budget is then submitted to CMHC. The submission of individual project budgets is not required, although these must be retained by the province so that they can be reviewed on request. The federal/provincial master agreements require that operating budgets be prepared and submitted to CMHC by October 31st. However, the majority of the operating budgets are received after that date, well into the ensuing fiscal year to which the budget applies.

The provinces and territories must provide CMHC with adequate explanations where substantial changes occur in any category of operating expense or revenue from the previous year's budget projections. The program expense classifications used by CMHC to calculate operating losses are as follows: taxes, utilities, other operating, maintenance, modernization and improvement (M & I), amortization, administration and working capital interest. Project revenues are subtracted from operating costs to create

the operating losses.

Supplementary budgets may be submitted by the provinces whenever they are needed, with the caveat that liabilities are not to be incurred until CMHC has provided assurance that funds will be available. The supplementary budget requests, as well as the rationale and requirements for such requests, are reviewed at CMHC National Office. In most instances, supplementary budgets are to cover emergency repairs not originally anticipated or uncontrollable expenses such as unforeseen increases in heating, power, etc. Supplementary budgets are currently not used very often. For example, supplementary budgets were only submitted on four or five projects in 1986. However, the potential exists for supplementary budget requests to increase as the stock continues to age and possibly deteriorate.

Based on the premise that the provinces have as much concern as CMHC in controlling expenditures, and that since they are responsible for the day-to-day management of projects they are thus in a better position to decide if a required increase is justified, Provincial Housing Authorities are delegated two budgetary authorities which give them a wide degree of latitude. The first is the transfer of funds between various expense classifications provided that total approved project budgets are not exceeded (in other words, an overexpenditure in one expense category can be offset by a corresponding under-expenditure in another within the same project). The second is the transfer of funds between projects administered by the same province or territory and operating under the same NHA program, provided the total budget for all projects is not exceeded.

There are some exceptions to the transfer of funds between various expense classifications. Amortization costs are fixed while a separate set of guidelines are in place for modernization and improvement expenditures (refer to Annex "C"). Also, administrative expenses are limited to six per cent of total operating costs as the Corporation considers that on a national basis administration costs should not exceed approximately six per cent of the total portfolio operating costs.

A third budgetary authority was delegated to the Provincial Housing Agencies/Authorities but is not being monitored by CMHC at the present time. Budgetary items can be increased for any specific project provided the total increase does not exceed 10 per cent of the total approved budget for the project.

Claims are submitted to CMHC National Office by the provinces on a total consolidated basis or on a major portion of the portfolio. The master agreements require the provinces to submit audited statements documenting losses on operations by category for each project when submitting a final subsidy claim. It is stipulated that these statements provide adequate explanation when audited losses exceed approved budgets. CMHC has the right to adjust the subsidy claim for any items approved by a province or territory that it deems to be unacceptable.

Interim claim settlements are made on a monthly or quarterly basis, based on unaudited cost statements. However, no settlement of interim claims is made until a certified budget has been received from the Provincial Housing Agency and approved by CMHC. Claims for the settlement of other eligible items of operating which may not be included in individual project operating statements (such as Public Housing Agency administration costs or interest costs required to carry negative cash flow during an operating year) must be supported by adequate certification as to their accuracy.

CMHC's claims analysis process encompasses several activities, including: (i) project eligibility checks; (ii) claims adjustments (for example, unaccepted M & I proposals, excessive administration fees, revenue variances due to differences between the federal and provincial rental scales); and (iii) a written critique of portfolio changes (for example, portfolio size, operating costs and revenues, federal share of operating losses, and a comparison of subcategories of operating expenses between the previous and current year budgets). To facilitate related adjustments to claim settlements, the provinces are asked to provide reasonable access to project records so that CMHC can collect and assess relevant information as required.

CMHC only stipulates very generalized guidelines concerning operating costs which, according to CMHC's Guidelines and Procedures manuals, are simply to be "reasonably consistent with costs of any known or similar projects under CMHC administration". There is also a guideline that project expenses cannot increase by more than 15 per cent a year without adequate explanation being provided. For 1987, in view of lower inflation and interest rates, as well as increased accountability on the part of the Federal Government, CMHC began requesting explanations for increases in excess of five per cent.

2.6 Program Data

Program administration is not currently supported by an automated system, resulting in program data not being readily available, if at all, and significant investments of staff time in the manual manipulation of program data. There is, however, a current effort underway to develop a comprehensive data base for the programs (AGR-F/P), but this data base will not be available in time to use in the evaluation.

Some data files for both Section 40 and 44 are available within CMHC. These relate to modernization and improvement expenditures. In order to complete a profile on the stock, the provinces have been asked to provide CMHC with descriptive information on each project. This information will later be supplemented with survey information obtained from various sources.

The following eight tables present summary program activity data. Public housing has been produced in every province and territory. About 20 per cent of the stock, or 40,000 units, was produced

under the Section 40 Federal/Provincial Program and is owned jointly by the federal and provincial/territorial governments. The remaining 80 per cent of the stock, or about 165,000 units, were produced under the Section 43/44 Regular and Section 44 Provincially-Financed Programs which in turn comprise the Section 44 Regular Program.

Tables 2.1 and 2.2 show provincial preferences for the various sub-programs of the Public Housing Program. Table 2.1 shows the distribution of public housing projects by province. Saskatchewan was totally committed to the Section 40 program, not having undertaken any projects through either the Section 43/44 Regular or Section 44 Provincially-Financed programs. In contrast, four provinces delivered 90 per cent or more of their public housing projects under the Section 43/44 program. Almost 80 per cent of the Section 44 Provincially-Financed projects are located in Alberta. About 30 per cent of all public housing projects were delivered under the Section 40 Federal/Provincial program, about 60 per cent under the Section 43/44 Regular program and about 10 per cent under the Section 44 Provincially-Financed program.

Table 2.2 shows the provincial distribution of the public housing stock in terms of units. There are large variations in the respective provincial shares of the stock when broken down by sub-program. For example, 58.9 per cent of the country's Section 43/44 units are located in Ontario while 30.4 per cent of the Section 40 units are located in Saskatchewan. However, Ontario has 47.1 per cent of the total stock of units and Saskatchewan 6.0 per cent. Quebec follows Ontario with 17.6 per cent of the total stock and Alberta is third with 8.2 per cent.

Table 2.3, which excludes Section 44 Provincially-Financed projects, shows the distribution of the public housing stock by project size, as measured by the total number of units per project. Thirty percent of all projects contain 10 or fewer units, over half contain 20 or fewer units and only about 10 per cent contain over 100 units. The Section 40 stock has a greater concentration of projects in the smaller size ranges than does the Section 43/44 stock. The geographic locations of most Section 40 projects, particularly in Newfoundland, Saskatchewan and the Northwest Territories, do not require such large projects.

Table 2.4 provides an age profile of the public housing stock by program, based on project commitment dates (as some projects were developed through the acquisition of existing units rather than through new construction, using project commitment data provides only an approximation of the age of the public housing stock). The Section 40 stock was largely developed during the 1970 to 1985 period. The peak delivery years for the Section 43/44 Regular and Section 44 Provincially-Financed programs were 1970 to 1974. Large proportions of the Section 43/44 and 44 stock were also delivered in the 1965 to 1969 and 1975 to 1979 periods. In terms of the entire stock, about three-quarters has been committed since 1970.

Table 2.5 provides data on the distribution of the public housing stock by client group and province. Approximately 56 per cent of the stock houses senior citizens while about 44 per cent houses families. Large proportions of the public housing stock are devoted to family households in Newfoundland, the Northwest Territories and the Yukon while large proportions are devoted to seniors in P.E.I., Saskatchewan and Nova Scotia. In Ontario, which has the largest provincial stock, three-fifths of all units are located in senior citizen projects. No numbers are currently available for the proportion of the stock devoted to singles and the handicapped.

Table 2.6 presents data on Federal expenditures allocated to the Public Housing Program. Budgetary expenditures include grants, contributions and subsidies while commitment levels relate to capital. Federal budgetary expenditures rose above \$400 million dollars in the 1986/87 fiscal year and are forecast to increase steadily into the 1989/90 fiscal year. Capital commitment levels, which fell to zero in 1986, are forecast to remain at zero through to the end of 1989. Based upon budget data provided by CMHC's Program Portfolio Management Division, the average subsidy costs per unit in 1986, including both federal and provincial shares, were \$4,676 for Section 40 units, \$3,579 for Section 43/44 units and \$3,794 combined.

Table 2.7 shows 1986 total expenses (both federal and provincial shares) incurred in the operation of public housing projects. The data are broken down by expense category and by program. It should be noted that the figures do not represent operating losses as revenue figures are excluded. The largest expense category under both Section 40 and Section 44 is amortization and the smallest is administration. Utilities is the second largest expense category for both sections. Amortization accounts for 44.2 per cent of total Section 40 expenditures but only 34.9 per cent of total Section 44 expenditures. Maintenance accounts for 11.3 per cent of Section 40 expenditures versus 8.6 per cent under Section 44. Taxes account for 8.5 per cent of Section 40 expenditures but 13.8 per cent under Section 44. The remaining categories -utilities, M & I, and administration -- represent similar shares of both budgets.

Table 2.8 presents data on CMHC staff-years charged to the three sub-programs of the Public Housing Program in 1985 and 1986. A total of 11.88 staff years were charged to the Public Housing Program in 1986, of which none was delivery oriented.

TABLE 2.1

PUBLIC HOUSING PROJECTS
(By Province and Sub-program)

	S.40 F/P		S.43/44 Reg		S.44 Prov-Fin		Total	
	Proj.	%	Proj.	%	Proj.	%	Proj.	%
Nfld.	126	8.6	50	1.7	-	-	176	3.7
P.E.I.	84	5.8	19	0.65	-	-	103	2.1
N.S.	360	24.7	117	4.0	-	-	477	9.9
N.B.	9	0.6	147	5.05	1	.2	157	3.3
Que.	1	0.1	595	20.4	22	5.1	618	12.9
Ont.	75	5.1	1198	41.1	57	13.2	1330	27.7
Man.	4	0.3	325	11.2	6	1.4	335	7.0
Sask.	578	39.6	-	-	-	-	578	12.0
Alta.	15	1.0	177	6.1	339	78.5	531	11.05
B.C.	54	3.7	41	1.4	5	1.2	100	2.1
N.W.T.	148	10.2	227	7.8	1	.2	376	7.8
Yukon	4	0.3	17	0.6	1	.2	22	.45
TOTAL	1458	100.0	2913	100.0	432	100.0	4803	100.0

Source: PPMD, CMHC (data as of Nov. 30, 1986)

TABLE 2.2

PUBLIC HOUSING UNITS
(By Province and Sub-program)

	S.40 F/P		S.43/44 Reg		S.44 Prov-Fin		Total	
	Units	%	Units	%	Units	%	Units	%
Nfld.	3435	8.5	1148	.8	-	-	4583	2.2
P.E.I.	629	1.55	250	.2	-	-	879	.4
N.S.	8219	20.4	1812	1.2	-	-	10031	4.9
N.B.	806	2.0	3013	2.0	75	.44	3894	1.9
Que.	796	2.0	32226	21.7	3134	18.2	36156	17.6
Ont.	5364	13.3	87234	58.9	4372	25.4	96970	47.1
Man.	668	1.65	11894	8.0	130	.8	12692	6.2
Sask.	12247	30.4	-	-	-	-	12247	6.0
Alta.	895	2.2	6602	4.5	9396	54.65	16893	8.2
B.C.	5895	14.6	1894	1.3	72	.4	7861	3.8
Yukon	81	.2	144	.1	14	.1	239	.1
N.W.T.	1307	3.2	1973	1.3	1	.01	3281	1.6
Total	40342	100.0	148190	100.0	17194	100.0	205726	100.0

Source: PPMD, CMHC (data as of Nov. 30, 1986)

TABLE 2.3

PUBLIC HOUSING PROJECTS (By # of Units and Sub-program)						
	Sec.40 F/P		Sec.43/44 Reg		Total	
	Proj.	%	Proj.	%	Proj.	%
.LT. 11	678	46.5	665	22.8	1343	30.7
11- 20	372	25.5	710	24.4	1082	24.8
21- 50	256	17.6	768	26.4	1024	23.4
51-100	65	4.45	386	13.25	451	10.3
101-200	65	4.45	252	8.65	317	7.3
201-500	18	1.2	123	4.2	141	3.2
.GT.500	4	0.3	9	0.3	13	0.3
TOTAL	1458	100.0	2913	100.0	4371	100.0

Source: PPMD, CMHC (data as of Nov. 30, 1986)

TABLE 2.4

PUBLIC HOUSING UNITS (By Year of Commitment and Sub-program)						
	S.40 F/P		S.43/44 Reg + S.44 Prov-Fin		Total	
	Units	%	Units	%	Units	%
1950-1954	4087	10.02	0	0	4087	2.0
1955-1959	2945	7.23	0	0	2945	1.4
1960-1964	3066	7.52	40	.02	3106	1.5
1965-1969	5680	13.93	40904	24.7	46584	22.55
1970-1974	8795	21.6	73320	44.28	82115	39.8
1975-1979	8627	21.2	42919	25.9	51546	25.0
1980-1985	7554	18.5	8443	5.1	15997	7.75
TOTAL	40754	100.0	165626	100.0	206380	100.0

Source: PPMD, CMHC (1986 data, although specific date not available. Note total units differs from Tables 2.2 and 2.5)

TABLE 2.5

PUBLIC HOUSING UNITS
(By Client Group Served and Province)

	Family		Senior Citizen		Total	
	Units	%	Units	%	Units	%
Nfld.	4428	93.8	293	6.2	4721	100
P.E.I.	299	31.5	651	68.5	950	100
N.S.	3251	32.4	6797	67.6	10048	100
N.B.	2208	56.7	1685	43.3	3893	100
Que.	18227	50.4	17936	49.6	36163	100
Ont.	38832	40.0	58347	60.0	97179	100
Man.	5296	41.7	7415	58.3	12711	100
Sask.	3066	24.8	9303	75.2	12369	100
Alta.	7703	45.6	9188	54.4	16891	100
B.C.	3808	48.4	4057	51.6	7865	100
N.W.T.	3131	93.6	215	6.4	3346	100
Yukon	207	80.5	50	19.5	257	100
TOTAL	90456	43.8	115937	56.2	206393	100

Source: PPMD, CMHC (1986 data, although specific date not available. Note total units differs from Tables 2.2 and 2.4)

TABLE 2.6

FEDERAL EXPENDITURES ON PUBLIC HOUSING
(\$ millions)

Budgetary:	Apr85 Mar86 actual	Apr86 Mar87 actual	Apr87 Mar88 forecast	Apr88 Mar89 forecast	Apr89 Mar90 forecast
Section 40	125.1	150.0	148.1	150.3	152.4
Section 44	266.1	268.0	280.8	285.5	290.1
Total	391.2	418.0	428.9	435.8	442.5
Capital:	1985 actual	1986 actual	1987 forecast	1988 forecast	1989 forecast
Section 40	55.5	-	1.0	-	-
Section 43	0.7	-	-	-	-
Total	56.2	-	1.0	-	-

Source: CMHC Main Estimates, 1987-88 and 1987 Capital Budget

TABLE 2.7

1986 NATIONAL PUBLIC HOUSING EXPENSES						
	Section 40		Section 44		Total	
	\$	%	\$	%	\$	%
Taxes	23,827,714	8.5	135,564,791	13.8	159,392,505	12.6
Utils.	34,751,298	12.4	144,516,275	14.7	179,267,573	14.2
Other	24,777,382	8.9	111,543,396	11.3	136,320,778	10.8
Maint.	31,478,666	11.3	84,684,444	8.6	116,163,110	9.2
M & I	27,182,233	9.7	109,111,491	11.1	136,293,724	10.8
Amort.	123,699,403	44.2	343,474,279	34.9	467,173,682	36.9
Admin.	13,863,837	5.0	56,440,366	5.7	70,304,203	5.6
TOTAL	279,580,533	100.0	985,335,042	100.1	1264,915,575	100.1
UNITS	40,342		165,384		205,726	
PER UNIT EXPENSES	\$6,930		\$5,958		\$6,149	

Source: Based on 1986 budget figures provided by PPMD, CMHC.
 Note: Figures include total expenses, i.e. federal and provincial shares combined. Also, the figures represent operating expenses only as revenues are not included.

TABLE 2.8

CMHC STAFF YEARS ALLOCATED TO PUBLIC HOUSING							
	S.40 F/P		S.43/44 Reg		S.44 Prov-Fin		Total
	admin.	deliv.	admin.	deliv.	admin.	deliv.	admin. deliv.
1985	5.86	6.71	4.09	-	.42	.17	10.37 6.88
1986	8.31	-	2.80	-	.77	-	11.88 -

Source: Financial Performance Reporting, Treasurer's Directorate, CMHC

Note: Table 2.3 contains data only for Section 40 F/P and Section 43/44 Regular. The remaining seven tables contain data for all three of the Public Housing programs, including the Section 44 Provincially-Financed program.

3. EVALUATION APPROACH

3.1 Review of Public Housing Evaluation Studies

A number of evaluation studies of public housing from Canada, Great Britain and the United States were reviewed in the development of the Assessment Report. The focus of these studies ranges from an examination of operating and subsidy costs, to the use of support services by public housing tenants, and finally to the estimation of modernization needs.

a) CMHC Studies

The 1976 Public Housing Review was the first attempt to evaluate the public housing program after a period of rapid expansion in the early 1970's. The study examined the size of public housing projects, the costs of public housing, equity considerations, the growth of subsidy expenditures and a number of management issues.

The review concluded that the explosive growth of the Public Housing Program overwhelmed any systematic attempt at establishing goals and measuring success. The review also made recommendations regarding the estimation of future costs, a shift in focus from project management to program management, the decentralization of responsibility for operating costs, the acquisition of regular and accurate information about beneficiaries of the program, and increasing the analytical capability of CMHC's Public Housing Division to contribute to the monitoring and evaluation of the program.

The 1980 study of Operating Costs in Public Housing Projects in Canada concentrated on expenses and identified patterns and trends in the operation of public housing which had contributed to the increases in project expenses in previous years. A model forecasting the growth in future subsidies for public housing was also developed as part of the study.

Low- and high-expense projects were found in most areas and regression analysis did not give much support for the hypothesized effects on project expenses of project age, size, and location. Operating subsidies were estimated to grow and it was recommended that the provinces and local housing authorities seek solutions to the problems of rising project expenses.

Public housing was also examined as part of the 1984 Social Housing Review which attempted to assess the effectiveness of the social housing programs and provide a benchmark against which to consider and assess new policy proposals. The review examined the rationale, objectives, impacts and effects and cost-effectiveness of the social housing programs.

The Review found that public housing occupants were quite positive about the physical condition of their dwellings, expressed a high level of satisfaction with their projects, and assessed the need for repairs to be about the same as that for

the rental stock generally. The review also found that, except under a high interest rate assumption (18%), the Public Housing Program showed the lowest cost per RGI unit of all social housing programs, and in addition pointed out that only under the Public Housing Program would the equity accrue to governments at the end of the amortization period. In the trade-offs between cost-effectively meeting the social housing objective and generating other benefits (such as social integration and community acceptance), the Public Housing Program occupied the middle-ground.

b) Provincial Studies

Two studies of the use of support services among senior and family public housing tenants in Ontario were completed in 1986 and 1987 for the Ontario Ministry of Housing. The studies identified the extent to which senior citizens in public housing have difficulties with the activities of daily living as well as the kind of support services senior citizen and family public housing tenants use.

A major finding of the studies was that most public housing projects are located in lower- or middle-income neighbourhoods and are accessible either by walking or public transit to facilities such as corner stores, restaurants, parks, drug stores, banks and shopping centres. The studies also found that "lack of information", "client unawareness", as well as the clients' "lack of recognition of their needs" and "lack of motivation" are the main reasons why seniors and tenants in public housing do not use the services they need.

c) British Studies

The British Department of Environment conducted a 1985 inquiry into the condition of the public sector (local authority) housing stock. The inquiry identified the needs for renovation and the associated costs. The British Department of Environment also conducts the English House Condition Survey on a five-year cycle, most recently in 1981 and 1986. The survey identifies the lack of amenities, the unfitness of dwellings and the incidence of disrepair in the overall stock as well as the local authorities' stock.

The 1985 inquiry indicated that the cost of renovating its 4.5 million units was estimated to be \$ 37,918 million(Cdn.). On a per unit basis the cost was \$8,426. The work was broken down by main categories of work, age and type of units. Present and planned expenditures were also reported.

Further to the 1985 enquiry, a more in-depth survey of a sample of local authority stock will be undertaken in 1987 in order to build estimates of the costs of maintenance and renovation. The project specifications for this survey can be found with the review of the 1985 inquiry in Annex "B".

A major finding of the 1981 English Housing Condition Survey was

that, in an age by age comparison, the incidence of high repair costs was only slightly higher for local authority ownership than for owner-occupation.

d) American Study

A study of modernization needs of the United States' public and Indian housing stock was completed for HUD in April, 1987. The report identified various types of repair and modernization needs and the associated costs at the national, regional and field office level. In addition to the various cost estimates produced, the study found that relatively few public housing projects were in need of substantial structural change to ensure continued viability. The cost estimates for repairing the two million public housing units in the United States are not comparable with the figures produced in Great Britain. In any case the American repair costs were \$12,206 million(Cdn.) for the portfolio or \$6,103 per unit. The U.S. study also provided cost estimates for other modernization costs such as additions, conversions, energy retrofits and redesign/redevelopment. More details of this costing is provided in Annex "B".

A comparative study of Public Housing Authority (PHA) experience with private management was completed for HUD in 1983. The study examined the direction and extent of differences in cost and performance between public housing projects where management was contracted out and conventionally managed projects. A major finding was that contract and conventional management were approximately equal in cost and performance at rural projects. The study also found that, although operating expenses, tenant relations and maintenance and operation performance were equivalent for urban family projects, private management experienced higher rent delinquencies and higher incidence of crime and social problems. Finally, urban elderly projects under private management proved to be more expensive than under conventional management.

A more complete review of the context, study approach, data sources, findings and conclusions for each of these studies of public housing can be found in Annex "B".

3.2 Evaluation Issues

A program evaluation typically addresses four classes of evaluation issues:

- o program rationale.....to what extent are the objectives and mandate of the program still relevant ?

are the activities and outputs of the program consistent with its mandate and plausibly linked to the attainment of the objectives and the intended impacts and effects ?
- o objectives achievement.in what manner and to what extent were appropriate program objectives achieved as a result of the program ?
- o impacts and effects....what impacts and effects, both intended and unintended, resulted from carrying out the program ?

in what manner and to what extent does the program complement, duplicate, overlap or work at cross purposes to other programs ?
- o alternatives.....are there more cost-effective alternative programs which might achieve the objectives and intended impacts and effects ?

are there more cost-effective ways of delivering the existing program ?

A wide range of issues could clearly be addressed in the evaluation of the Public Housing Program. The following priority list of issues has been developed based on an assessment of current government concerns in the area of public housing, a review of issues raised at the F/P/T Sub-Committee Meetings on the Existing Housing Stock, a review of key literature on public housing, and consultation with Public Housing Program managers at CMHC National Office. The issues identified clearly focus on the condition of the public housing stock and the extent to which the program is providing, and will provide, its clients with adequate, suitable and affordable accommodation at reasonable cost to government. The issues are presented in terms of the four generic classes of evaluation issues identified above: program rationale, objectives achievement, impacts and effects, and alternatives.

PROGRAM RATIONALE

1. Is there a need for public ownership of rental housing?

The Public Housing Program has been in existence for close to 40 years. At issue is whether there remains a need in 1987, and in the future, for a program which subsidizes the public ownership of rental housing, especially as new social housing policy is putting less emphasis on the direct public ownership of social housing units.

2. To what extent are the objectives and mandate of the Public Housing Program still relevant?

The objectives and mandate of the Public Housing Program date back to 1949 and 1964 for the Section 40 Federal/Provincial Program and the Section 43/44 Programs respectively. At issue is the extent to which these objectives and mandate are still relevant given that emphasis is no longer on the production of new units, and that the aging of the stock will have an impact on the ability of the program to meet these objectives and mandate.

3. To what extent is public housing being used as a permanent source of shelter? Is the initial and implicit objective of providing transitory housing assistance still relevant?

One of the initial and implicit objectives of the Public Housing Program was that it would provide transitory housing assistance to households who would eventually move back to private market housing when their incomes increased. Over the years, public housing appears to have been used as a more permanent source of shelter. The issue is to examine the extent to which public housing is being used as a source of permanent shelter and whether the objective of providing temporary assistance is still relevant.

4. Do program design features, such as the maintenance and modernization and improvement (M&I) budgeting process, result in cost-effective decisions on the public housing stock?

Concerns have been expressed that the maintenance and M and I budgeting procedures for the Public Housing Program, which were designed when emphasis was on the production of new units, are no longer adequate now that the emphasis has shifted to maintaining the existing stock. At issue is whether program procedures are still adequate for the post-production operating phase and whether there are limitations in their design which hinder rational and effective planning and cost-effective decision-making with regard to the management of the existing public housing stock.

OBJECTIVES ACHIEVEMENT

5. Does the program provide its clients with dwellings/properties which are structurally sound and free of either health or safety hazards?

As mentioned earlier, concern has been rising over the condition of the public housing stock. A limited number of projects with physical and social problems have attracted most of the attention in the past. The general aging of the stock, the social environment, project size, location, and insufficient investments for maintenance are some of the factors that may have contributed to some units being in poor condition. The evaluation will provide an objective and accurate picture of the condition of the stock using several measures.

6. Does the program provide its clients with suitable dwellings? Does the program respond to the changing characteristics of its clients?

The composition and size of public housing tenant households or those in need of housing assistance have changed since the program was introduced. At issue is whether public housing provides suitable housing to its present tenants, and whether public housing offers a stock of units suitable to the types of households in need of assistance (as represented by the composition of its waiting lists or as measured in studies or models of housing needs). Findings in this area will help to define the need for modifications of the public housing stock to improve its suitability to current and future client groups.

7. Is maintenance done in a timely fashion or deferred to future years and budgets?

The current condition of the public housing stock is related to several factors, including the deferral of maintenance to future years and budgets. At issue, when estimating the modernization needs of the stock, is the extent to which the deterioration of the stock can be associated with the deferral of maintenance. The findings on this issue could uncover one important reason for the deterioration of the stock and provide a sounder basis for decision-making on approaches to address the problem.

8. What are the total estimated costs of meeting the modernization needs of the public housing stock?

Concerns have been expressed over both the condition and the costs of meeting the modernization needs of the public housing stock. These concerns can be related to two distinct objectives of the program; first, to provide adequate housing to its tenants, and second, to do so at reasonable costs to the governments involved, this latter objective being emphasized in CMHC's 1987 - 1991 Strategic Plan. The evaluation will provide an estimate of the total costs of meeting the modernization needs of

the public housing stock, including basic repairs and replacements, additions, energy conservation actions, and conversions. Estimates will be provided at the portfolio level and not at the level of individual projects.

9. What are the estimated costs for repairs and replacements?

The evaluation will estimate the costs of repairs and replacements of existing items required in order for the program to continue to provide adequate dwellings and sites and to prevent further deterioration of the stock.

10. What are the estimated costs for additions?

The evaluation will estimate the costs of additional amenities to the public housing stock that are required in order to provide adequate dwellings and sites. These additions will fall into five categories: 1) additions for code compliance (e.g. smoke detectors); 2) additions for senior care facilities/amenities (e.g. railings); 3) additions for disabled facilities (e.g. automated doors); 4) additions for vandalism prevention, durability, and maintenance cost-effectiveness (e.g. breakage-resistant fluorescent light covers); and 5) additions for landscaping, playgrounds, and recreational facilities (e.g. exterior lighting).

11. What are the estimated costs for conversions?

The evaluation will estimate the costs for two categories of conversions. Included in the first category is the conversion of vacant units or those unsuitable for public housing tenants from a space requirements perspective.

The second category includes conversions which could be undertaken in order to adjust the stock to better suit the household composition of potential clients either on the waiting lists or identified as being in core housing need. This second category of conversion is not included in the total modernization estimates, since adjustments could be via one of the other social housing programs.

12. What are the estimated costs for energy conservation?

Although energy saving considerations are not directly linked to repairs or replacements, the absence of energy upgrading could have a significant impact on operating costs. The issue is to estimate the costs for necessary energy upgradings. The appropriateness of the upgradings could be determined according to the savings associated with each upgrading option.

13. Are there units which should be demolished for reasons of physical and/or functional obsolescence?

Concerns have been expressed that some public housing units are beyond repair or are no longer functional, and therefore do not warrant the expenditure of modernization funds. At issue is whether there are units which should be demolished for reasons of physical and/or functional obsolescence.

14. What is the need for redesign and redevelopment?

Redesign or redevelopment might be more appropriate strategies to follow than repairs, replacements or additions for some public housing projects. For example, some projects may suffer from poor original design. The evaluation will determine the incidence of projects which are candidates for redesign or redevelopment.

15. What are the characteristics of public housing clients? How do they compare with the total population identified as being in need? Are all clients of the program in need of assistance?

The evaluation will collect information about public housing tenants, examine how representative the present client group is of the total population in need of housing assistance, and assess whether present clients are indeed in need of assistance according to a range of low-income definitions and the core need criteria.

16. Are public housing waiting lists effective and equitable vehicles for selecting new clients for public housing?

Procedures and eligibility criteria regarding public housing waiting lists vary across Canada. At issue is whether waiting lists in their present form are an effective and equitable means of selecting new clients for public housing.

17. Does the program provide its clients with a socially acceptable living environment?

Concerns have been expressed that a number of public housing projects have a concentration of social problems which render them as undesirable and, perhaps, unsafe places to live. At issue is whether public housing projects provide their clients with a socially acceptable living environment, and if not, what are the nature, extent and causes of the problem.

18. Are community facilities and services reasonably accessible to public housing residents?

Concerns regarding the use of prime land for subsidized housing led to many public housing projects being located in isolated

suburban sites, relatively far from facilities and services. Over time, some situations have resolved themselves as areas surrounding formerly remote projects have been developed. At issue is whether accessibility problems still prevail today for public housing tenants.

19. Have public housing residents been assimilated into their surrounding communities?

One of the greatest fears associated with the original intent of the program was that the projects, particularly those housing large numbers of low income households, would "stand out" in their communities, despite the fact that project integration was one of the original objectives. Although some projects clearly have experienced problems in this regard in the past, the issue at hand is whether in fact this situation continues to be a problem, and if so, how widespread it is.

20. To what extent are clients satisfied with life in public housing projects?

An important measure of program effectiveness is the level of satisfaction of tenants with life in public housing projects. At issue is to determine the level of client satisfaction with life in public housing projects and the reasons for varying levels of satisfaction.

IMPACTS AND EFFECTS

21. Are public housing tenants charged rents on an equitable basis across the country? How do rents in public housing units compare with rents in other social housing units?

One of the objectives of the program is to provide affordable housing to its clients. The affordability of public housing varies across the country depending on the rent scale used and the amenities provided with the units. The evaluation will determine how the affordability of public housing varies across the country and will examine how rents in public housing units compare with rents in other social housing units.

22. Is there a significant difference in the incidence and extent of modernization needs for public housing projects provided through new construction compared to those provided through acquisition?

Although the year of commitment for public housing projects, particularly those under the Section 43/44 Regular Program, may give the impression that the stock is still quite young, many projects were provided through the acquisition of existing housing projects. At issue is whether these acquired projects vary significantly from new construction projects in their

incidence and extent of modernization need.

23. How does management performance relate to the physical condition of public housing projects as well as financial performance, social environment, and tenant satisfaction?

Effective management in public housing projects has a significant influence on all aspects of the Public Housing Program. At issue is whether there exist significant relationships between aggregate ratings of management performance (e.g., high- and low-performing) and the findings on these other issues. In the case that significant relationships are identified, the evaluation will examine the characteristics of different management styles. It should be noted that the aggregate ratings of management performance would be developed using a wide range of indicators of management performance.

24. Have tenants been involved in the management of their own projects? What has been the result of this involvement?

The literature on public housing contains numerous references to the positive attributes of tenant involvement in the management of their projects. In spite of the benefits, the literature also shows that there is a low level of tenant involvement in public housing. The evaluation will examine the extent and impact of tenant involvement in the management of public housing projects in Canada and search for lessons that could be beneficial to the on-going management of the stock.

25. How does the public housing stock complement or compete with projects built under other social housing programs?

The combination of public housing units and other social housing units may have led to an over-supply of social housing units or particular types of units in certain local markets. At issue is whether there are instances where the public housing stock competes with units produced under other social housing programs.

ALTERNATIVES

26. There are clearly a range of ways in which the Public Housing Program could be made more effective. The following list is not exhaustive nor new and reflects a range of options that has been discussed or debated in the recent past or has been identified as a result of preparing the assessment report. Others will undoubtedly arise as the actual study progresses. The evaluation will provide evidence on the issues addressed and use this evidence to examine the following and other alternatives at a general level as a basis for future policy analysis and decision-making. Some of the alternatives would represent simple refinements to the existing program; others would represent more fundamental changes to the program:

- o sale of units to tenants
- o conversion of units to other forms of tenure (cooperatives, non-profit)
- o demolition of units where repairs are excessive
- o redevelopment of existing sites to highest and best use
- o conversion of bachelors to one-bedroom units and large family units to smaller ones
- o addition of enriched facilities for older/single parent families
- o conversion of units to amenity space
- o generation of revenues from other sources (e.g., rent or sell surplus land)
- o private (vs) public management
- o promoting more tenant self-help
- o improved tenant relations
- o revision to rent-to-income scale
- o alternative budgeting and funding procedures more amenable to long-term planning (e.g., amortizing repairs, writing off debt, use of budget for new commitments)
- o improved monitoring of the existing housing stock and identification of problem projects
- o needs-based allocation of public housing subsidies

3.3 Analysis Plan

An analysis plan for each of the issues listed above was developed and includes a discussion of each issue, measurement/indicators, methods/data, and sources of information. The analysis plan can be found in Annex A.

4. EVALUATION OPTIONS

The evaluation options section provides an analysis and discussion of potential directions for the evaluation. Building upon the issues identified in the previous section, it determines the types of data required to address these issues and outlines various means of collecting the required data. The section also presents arguments for and against the use of certain data collection instruments and outlines several approaches to undertake the study.

4.1 Evaluation Issues and Data Collection Instruments

Section 3.2 provides a listing of issues considered important for this evaluation, as well as a discussion of their application to an examination of the public housing portfolio. For the purposes of discussing evaluation options, these issues are grouped into four issue areas: physical, financial, social/management and policy.

The physical issues focus upon the condition of the portfolio and include consideration of overall dwelling condition, health and safety hazards and useful life expectations. The question of the suitability of the stock is included in this section, as is the timeliness and appropriateness of maintenance practices.

The financial issues cover modernization costs with an emphasis on repair and replacement, as well as issues pertaining to the appropriateness of rents and the budgeting side of maintenance. The cost issues also consider other modernization options such as additions, conversions, energy conservation, redesign/redevelopment and demolition. This section also covers the relative repair costs of units built new under the program as opposed to those existing units which were acquired.

The social/management issues deal with tenants, project managers and their interaction. Overall tenant satisfaction and impact on condition are included along with the assimilation of tenants into neighbouring communities and the accessibility to facilities and services. Also included are measures of management performance. Tenant involvement in management will be given special attention.

The information collected on management and tenants will permit evaluators to assess the hypothesis that a relationship exists between the social environment and management performance and the condition of the projects. The initiation of repairs without the clarification of this relationship may result in a further cycle of deterioration in some projects after repairs have been completed.

The public housing data base, which will include social and management information, will exist in an aggregated form only and individual projects or personnel will not be identifiable. The public housing data base will become "benchmark data", which

will provide condition and repair cost standards based upon the characteristics of the stock. Management and tenant data will be used to isolate those factors likely to influence the condition of the stock.

Broader policy issues include the rationale for the public ownership of rental housing and an examination of the relevance of the program's mandate, objectives and certain design elements. Included are assessments of the use of public housing as a source of permanent housing, of targeting of the program to clients in need, and of the appropriateness of using waiting lists to select clients. Finally, the potential for competition between public housing and other social housing programs is addressed.

Table 4.1 presents the priority issues and associated data requirements as the basis for establishing means of data collection. Overall, four main types of data collection are required to provide evidence on the identified issues: (1) an assessment of condition and cost estimation on the public housing stock; (2) & (3) both factual and opinion data from tenants and property managers; and, (4) program administrative data, originating from both the provinces/territories and CMHC. Other sources of data will supplement these major data sources.

The physical condition assessment is the critical element of this evaluation and is too important to rely on the collection of data of questionable quality. The results of the major surveys in the United States and Great Britain discussed earlier indicate that only a carefully designed sample survey with inspections of buildings, dwellings and sites will produce the required level of precision for assessing condition and estimating costs at the portfolio level. Table 4.2 identifies the pros and cons of three approaches to the collection of data on physical condition.

TABLE 4.1

Public Housing Evaluation Issues and Prominent Data Requirements

	Physical Environment Assessment	Tenant Data	Property Manager Data	Program Admin. Data		Other
				Prov. origin	CMHC origin	
<u>Rationale</u>						
- need for public ownership				X	X	
- relevance of objectives/mandate				X	X	
- PH: Transitory or permanent?						
- program design features						
<u>Objectives Achievement</u>						
- dwelling condition	X	X	X	X	X	X
- dwelling suitability		X		X	X	X
- dwelling affordability		X		X	X	X
- maintenance timeliness		X		X	X	X
- modernization costs						
- repairs/replacements	X			X	X	X
- additions	X		X	X	X	X
- conversions	X		X	X	X	X
- energy conservation	X		X	X	X	X
- redesign/redevelop	X		X	X	X	X
- demolition	X		X	X	X	X
- program targeting		X		X	X	
- use of waiting lists		X		X	X	
- quality of life						
- environment		X				
- tenant satisfaction		X		X	X	
- community facilities/services		X		X	X	
- tenant assimilation		X		X	X	
<u>Impacts & Effects</u>						
- cost new (vs) acquisition	X			X	X	
- management performance		X	X	X	X	
- tenant involvement		X	X	X	X	
- net benefit: cost vs SF				X	X	

TABLE 4.2
ALTERNATIVE APPROACHES TO THE ASSESSMENT OF PROJECT CONDITION

=====

1. Condition Assessment by Provinces/Territories:

. Part V \$ 100,000

. PED s/y 1.5 s/y

Pros:- the provinces and territories are willing to provide some data

- the federal burden is minimized

- federal cost is small

- total portfolio will be represented

Cons:- data will not be delivered until 1989-90

- extent and accuracy will vary from province to province

- significant CMHC burden to complete data base

- data will not be matched with client profile

- non-problem projects will be aggregated, limiting analysis possibilities

2. Inspections by Consultants:

. Part V \$ 700,000

. PED s/y 1.5 s/y

Pros:- past experience with data quality was good

- data will be delivered on schedule

- matching profile can be controlled

Cons:- concentrated CMHC management is required

- costs could exceed budgets; overall cost excessive

- must fit the consultant's schedule

- portfolio findings will be inferred from a sample of projects

3. Inspections by CMHC Inspectors:

. Part V \$ 100,000

. PED s/y 1.5 s/y

. CMHC Inspectors s/y 3.8 s/y

Pros:- past experience with National Housing Study excellent

- best opportunity for control of quality

- costs can be controlled using trained resources

Cons:- requires high level of management control

- will consume inspection staff-years

- portfolio findings will be inferred from a sample of projects

=====

The preferred route based on the experience to date is to conduct a sample survey of public housing projects using CMHC inspectors. The first method, the "condition assessment by provinces", was considered until the results of the British and American experiences indicated that data quality problems would result if this approach was used. The specific data on physical condition and living environment collected by inspections needs to be complemented by surveys of tenants and property managers. The major decision in this instance relates to the type of survey instrument used. Past experience has proven that quality data with high response rates can be obtained using mailout surveys even with non-client respondents and low income tenants. In one instance (1986 RRAP Evaluation), a telephone follow-up was used with Rental RRAP respondents to obtain a response rate just over 80 per cent. It should be noted that managers are usually a difficult group to survey, although in this instance with the cooperation of the provinces and territories, responses should not be difficult to solicit. Table 4.3 summarizes CMHC experience with options available for surveying tenants and property managers.

The compilation of program administrative data is fundamental to the public housing evaluation. It will be used as the basis for drawing the evaluation sample, for undertaking the examination of some issues and will provide control variables for other analysis.

Two other sources of data are closely linked to the assessment of project condition and the overall costing of modernization. Two types of cost files will be developed. The first will provide regionally sensitive data on the cost of repairs and replacements. The second will use case studies to develop cost estimates for all other forms of modernization (ie. additions, conversions, energy retrofits, redesign/redevelopment, and demolition).

TABLE 4.3
SURVEY INSTRUMENTS FOR MANAGERS AND TENANTS,
ADVANTAGES AND DISADVANTAGES

=====

Costing of Each Survey Instrument

	TENANT (3,000)	PROPERTY MANAGER (4,803)
1. Mailout Survey		
Part V (\$50/mailout)	\$150,000	\$240,150
PED Staff-years	.8 s/y	
2. Telephone Survey		
Part V (\$75/interview)	\$225,000	\$360,225
PED Staff-years	.8 s/y	
3. Interview		
Part V (\$100/interview)	\$300,000	\$480,300
PED Staff-years	.8 s/y	

1. Mailout Survey:

- Pros:- least expensive survey method
 - can be coordinated centrally
 - CMHC surveys have yielded response rates of 60%+
 - the fastest technique
- Cons:- some clients may require assistance to complete
 - data may not be sufficiently precise
 - some clients may not provide rent/income data in the mail

2. Telephone Survey:

- Pros:- not as expensive as an interview
 - can be coordinated centrally
 - have been known to yield response rates over 80 per cent
 - also a reasonably fast technique
 - questions can be clarified, increasing precision
- Cons:- clients may perceive this as an intrusion on their privacy
 - difficult to get personal data by telephone
 - respondent must answer immediately
 - this approach is 50% more expensive than mailout

3. Interview:

- Pros:- visual contact increases the confidence of the respondent
 - confidentiality is easier to assure
 - findings can be more reliable by assisting responses
- Cons:- very expensive technique
 - very time-consuming
 - administratively more complex

=====

TABLE 4.4
OTHER SUPPORT ACTIVITIES

=====		
1. Repair/Replacement Cost File		
Part V		\$25,000
PED Staff-years		.25 s/y
2. Case Studies Cost File		
Part V		\$30,000
PED Staff-years		.25 s/y
3. Program Admin. File		
Part V		\$79,625
PED Staff-years		.25 s/y
=====		

4.2 Sample Design

Sample design plays a significant and complementary role in determining data quality and evaluation costs.

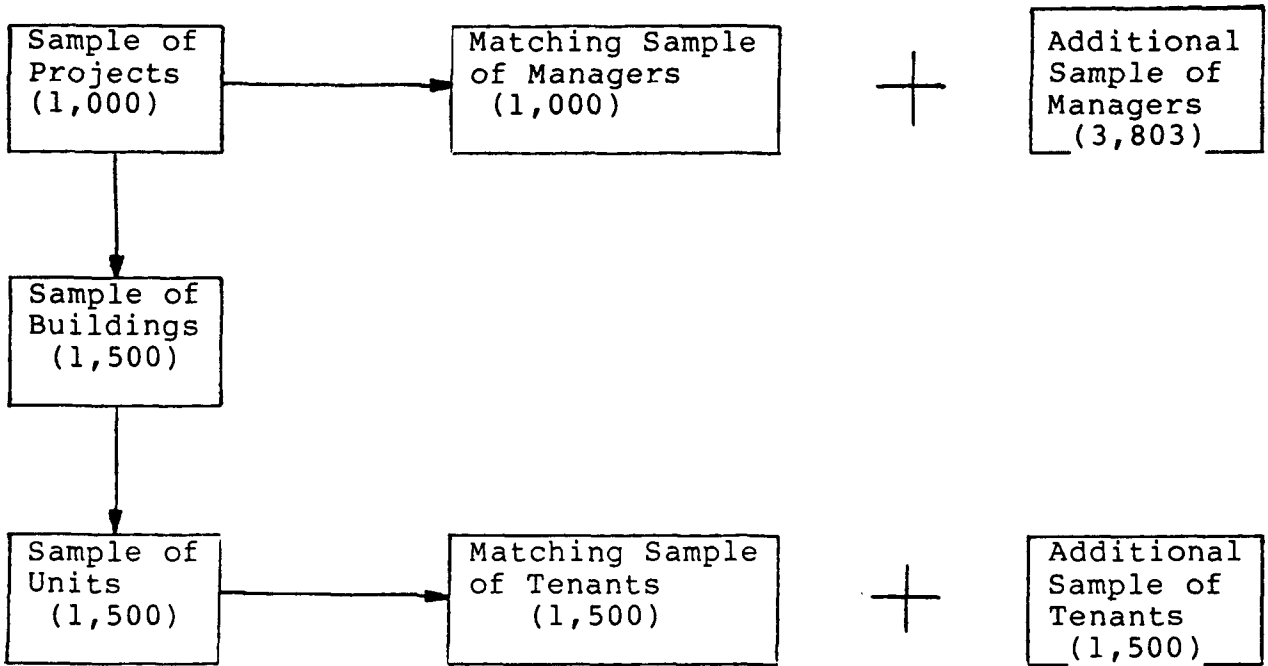
The overall and initial sample for the evaluation is derived from a program administrative data base compiled with data currently being solicited from the provinces and territories. The minimum number of projects which can be drawn to ensure data quality is 1,000. This number is based more upon the law of small numbers (ie. requirement for a minimum number of cases per cell) than upon a proportion of the total population of public housing projects. The sample will be stratified using several prominent characteristics of the stock deemed to be important for analysis purposes (eg. need for repair, age of project, region, building type, client type, urban/rural).

For inspection purposes, projects will be divided into sites, buildings and units. There is only one site per project. Where more than one building type is found per project, one building of each type will be inspected. Similarly, for each building type examined, one unit will be inspected. The poor quality of CMHC program administrative data complicates the identification of projects where more than one building type exists, although a preliminary estimate indicates that most projects include only one building type. These assumptions will be refined once the program administrative file is complete. The proposed sample of buildings and units is 1,500.

For the manager and tenant surveys, matched samples will be used. That is, for each project selected, a manager and tenant(s) will be surveyed. However, in the case of the manager survey, it is intended that all managers will be surveyed to establish the incidence of additions, etc. For tenants, an additional sample of 1,500 is proposed.

Table 4.5 describes the sample design for the evaluation.

TABLE 4.5
PROPOSED SAMPLE DESIGN



4.3 Evaluation Options

The preceding sections have summarized and grouped the selected issues for this evaluation, have identified data sources for addressing these issues, have reviewed various data collection vehicles and have provided cost estimates for the preferred approaches.

This section provides three costed options for management consideration, including a recommended strategy. Each option includes the essential physical condition assessment package as well as the compilation of program administrative data.

=====

OPTION #1: Inspections Only

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The intent of this package would be to address physical issues and those financial issues related to physical condition. Additions, conversions, energy retrofits, redesign/redevelopment and demolition would be excluded. Under this option, six of the 25 issues outlined in Section 3.2 would be addressed.

This package would require the inspection of 1000 public housing projects across Canada and would necessitate the automation of the provincial and CMHC program data discussed above.

The study would provide information on the condition of the public housing portfolio and estimates of repair and replacement costs. The administrative data file would provide a restricted number of independent variables to assist in establishing factors influencing the condition of the stock. The absence of manager and tenant data would limit the depth of analysis which could be undertaken and prevent the evaluators from providing a more complete picture of the influences on project condition.

Since only a small number of projects are expected to require additions, conversions, energy retrofits, redesign/redevelopment and demolition work, the entire universe of projects would have to be surveyed specifically for this purpose. The cost of inspecting all projects for these additional items would be excessive; however, a survey of project managers would be a cost-effective means of extracting the incidence of modernization needs over and above repairs and replacements. Expert advice could then be used to attribute costs to these additional modernization need estimates. The exclusion of the manager survey would prevent the creation of these estimates.

Although the inspections represent the most expensive element, cost savings would result if the additional surveys were not to be undertaken.

The inspections could be completed by year-end if the survey enters the field during the month of October. Preliminary data on

housing quality could be available for the upcoming Managers' Conference in February and the balance of the analysis required for producing a first draft could be completed before the end of the second quarter of 1988.

COSTS:

- | | |
|--|------------|
| (i) Physical Inspections (1)
(1,000) | 3.8 s/y |
| (ii) Program Admin. File
(based on 4.1 staff-years) | \$ 79,625 |
| (iii) Inspections Management (2)
(\$100,000 admin. fee) | \$ 100,000 |
| (iv) PED Resources
(based on contract manager
+ 4 analysts for 3 months) | 1.5 s/y |
| (v) Contingency | \$ 20,375 |

=====

TOTAL: staff years for inspections:	3.8 s/y
staff years for PED:	1.5 s/y
Part V \$	\$ 200,000

=====

- (1) note: if CMHC inspectors are not available,
additional Part V resources would be required:
[(1000 x \$600/project)+ \$100,000 admin. fee = \$700,000]
- (2) a manager will be retained to coordinate the training and
field management for the inspections, and the establishment
of the inspections data base.

=====

OPTION #2: Inspections and Manager Surveys

=====

The intent of this package would be to address all aspects of the physical issues and those financial issues related to physical condition. The key difference from Option #1 would be the ability to provide estimates of other work beyond repairs and replacements (ie. additions, conversions, energy retrofits, redesign/redevelop and demolition).

This package would result in a more complete analysis of physical condition issues and would result in a more complete picture of the physical condition determinants. It would also permit some analysis on issues pertaining to management practice. The tenant survey, equally important in determining influences on project condition, is still excluded in this scenario. Fourteen of the 25 issues listed would be addressed under this option.

As noted in the analysis plan, the new cost elements introduced in this package would require several case studies to establish the cost of various modernization efforts.

Additional staff-years have been added to this option to address the new work associated with the manager survey. Scheduling should not change from Option #1

COSTS:

(i) Physical Inspections (1,000)	3.8 s/y
(ii) Case Study Cost File (\$ 1,200 x 5 actions x 5 applications)	\$ 30,000
(iii) Project Manager Survey (based on the universe of 4,803 projects)	\$ 240,150
(iv) Program Administrative File	\$ 79,625
(v) Inspections Management	\$ 100,000
(vi) PED Resources (additional project management and analysis time)	2.8 s/y
(vii) Contingency	\$ 50,225
=====	
TOTAL: staff years for inspections	3.8 s/y
staff years for PED	2.8 s/y
Part V \$	\$ 500,000
=====	

=====

OPTION #3: Inspections, Manager and Tenant Surveys

=====

This package would address all issues identified in the assessment report including the physical, financial, social/managerial and policy issues.

This package permits the evaluator to provide a complete analysis on the factors influencing the physical condition and repair cost of the public housing stock.

Once again, additional in-house resources have been added to address the work linked to the tenant survey. Scheduling, presented in Option #1, should not change.

COSTS:

(i) Physical Inspections (1,000)	3.8 s/y
(ii) Case Study Cost File	\$ 30,000
(iii) Manager Survey	\$ 240,150
(iv) Tenant Survey (1) (based on a sample of 3,000 tenants)	\$ 180,000*
(v) Program Administrative File	\$ 79,625
(vi) Inspections Management	\$ 100,000
(vii) PED Resources (based on additional analysis and project management for the tenant survey)	3.6 s/y
(viii) Contingency	\$ 70,225

=====

TOTAL: staff years for inspections: 3.8 s/y
staff years for PED: 3.6 s/y
Part V \$: \$ 700,000

=====

(1) The third wave of the tenant survey could include a telephone follow-up. The total shown includes an additional \$30,000 for this modification.

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SUMMARY & RECOMMENDATION

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Decisions on the modernization of the public housing portfolio require highly reliable data in which CMHC senior managers can feel confident. The data must provide sound information on project condition and a broad range of modernization options, and must also provide evidence on the factors influencing the current state of the stock.

Option #1 provides the minimum information --- an assessment of the condition of the stock and estimates of repair and replacement costs. Other modernization costs will not be available and only limited analysis will be possible in attempting to isolate the determinants of the condition of the public housing stock.

Option #2 supplements a basic assessment of stock condition with an assessment of the need for additions, conversions, energy retrofits, redesign/redevelopment and demolition. The manager survey offers new independent variables to be used in refining the factors influencing condition. Some social and managerial issues can also be addressed.

Option #3 represents the full range of issues and permits a complete analysis of the condition and costing issues, as well as the social, policy and managerial issues. The higher cost of the evaluation using Option #3, when measured against the annual subsidy budget, is negligible while the potential opportunities for program improvement are substantial.

Option #3 is recommended.

=====			
ISSUE	OPTION #1	OPTION #2	OPTION #3
=====			
ENVIRONMENT			
Physical	repair only	all	all
Financial	repair only	all	all
Social	no	no	all
Management	no	some*	all
Policy	some*	some*	all
 <u>Costs</u>			
Inspection s/y	3.8*	3.8	3.8
PED s/y	1.5	2.8	3.6
Part V \$	\$200,000	\$500,000	\$700,000
=====			

* See Table 4.6

TABLE 4.6

ISSUES ADDRESSED BY EVALUATION OPTIONS

Evaluation Issues	Evaluation Options		
	Option 1	Option 2	Option 3
<u>Program Rationale</u>			
1. Is there a need for a program that subsidises the public ownership of rental housing?	yes	yes	yes
2. To what extent are the objectives and mandate of the Public Housing Program still relevant?	yes	yes	yes
3. To what extent is public housing being used as a permanent source of shelter? Is the initial and implicit objective of providing transitory housing assistance still relevant?	No	No	yes
4. Do program design features, such as the maintenance and modernization and improvement (M and I) budgeting process, result in cost-effective decisions on the public housing stock?	No	yes	yes
<u>Objectives Achievement</u>			
5. Does the program provide its clients with dwellings which are structurally sound and free of either health or safety hazards?	yes (one line of evidence; no analysis capability)	yes (2nd line of evidence)	yes (3rd line of evidence)
6. Does the program provide its clients with suitable dwellings? Does the program respond to the changing characteristics of its clients?	No	No	yes
7. Are public housing tenants charged rents on an equitable basis across the country? How do rents in public housing units compare with rents in other social housing units?	yes	yes	yes
8. Is maintenance done in a timely fashion or deferred to future years and budgets?	no	no	yes
9. What are the total estimated cost of meeting the modernization needs of the public housing stock?	(see 10-15)	(see 10-15)	(see 10-15)
10. What are the estimated costs for repairs and replacements?	yes	yes	yes
11. What are the estimate costs for additions?	no	yes	yes
12. What are the estimated costs for conversions?	no	yes	yes
13. What are the estimated costs for energy conservation?	no	yes	yes
14. Are there units which should be demolished for reasons of physical and/or functional obsolescence?	no	yes	yes
15. What is the need for redesign and redevelopment?	no	yes	yes
16. What are the characteristics of public housing clients? How do they compare with the total population identified as being in need? Are all clients of the program in need of assistance?	no	no	yes
17. Are public housing waiting lists effective and equitable vehicles for selecting new clients for public housing?	no	no	yes
18. Does the program provide its clients with a socially acceptable living environment?	no	no	yes
19. Are community facilities and services reasonably accessible to public housing residents?	no	no	yes
20. Have public housing residents been assimilated into their surrounding communities?	no	no	yes
21. To what extent are clients satisfied with life in public housing projects?	no	no	yes
<u>Impacts and Effects</u>			
22. Is there a significant difference in the incidence and extent of modernization needs for public housing projects provided through new construction compared to those provided through acquisition?	yes (repair/renovation) no (other modernization)	yes yes	yes yes
23. How does management performance relate to the physical condition of public housing projects as well as financial performance, social environment, and tenant satisfaction?	no	no	yes
24. Have tenants been involved in the management of their own projects? What has been the result of this involvement?	no	no	yes
25. How does the public housing stock complement or compete with projects built under other social housing programs?	no	yes	yes

ANNEX A

PUBLIC HOUSING EVALUATION ANALYSIS PLAN

Program Evaluation Division

PROGRAM RATIONALE

- 1 -

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>1. Is there a need for public ownership of rental housing?</p>	<ul style="list-style-type: none"> The public housing program has been in existence for close to 40 years. At issue is whether there remains a need in 1987 and in the future for a program which subsidizes the public ownership of rental housing, especially as new social housing policy is putting less emphasis on the direct public control of social housing units. 	<ul style="list-style-type: none"> households in core need attributes of public versus private versus not-for-profit ownership (eg, equity build-up) 	<ul style="list-style-type: none"> Document core housing need in Canada Discuss and, where feasible, measure arguments for and against public ownership of rental housing. 	<ul style="list-style-type: none"> Core Need Data Census HIFE Waiting Lists (Local Authorities Provincial Housing Agencies) Master and project operating agreements Agreements in use in other programs Social Housing Review Previous policy papers

PROGRAM RATIONALE

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>2. To what extent are the objectives and mandate of the PH program still relevant?</p>	<ul style="list-style-type: none"> The objectives and mandate of the Public Housing Program date back to 1949 and 1964 for the Section 40 Federal/Provincial Program and the Section 43/44 Regular & Section 44 Provincially-Financed Programs respectively. At issue is the extent to which these objectives and mandate are still relevant given that emphasis is no longer on the production of new units, and that the aging of the stock will have an impact on the ability to meet these objectives and mandate. The discussion will concentrate on the officially-stated objectives, rather than on the informal evolution of goals and objectives. It should be noted issues related to program design will be drawn out throughout the study in the context of their meeting the objectives. 	<ul style="list-style-type: none"> current government priorities. adequate housing low income house-holds within financial capabilities efficient & effective production reasonable cost to government decent, safe and sanitary housing affordable rents suitable to needs increase in low income housing stock effective integration of occupants into community etc... 	<ul style="list-style-type: none"> Document evolution of officially-stated objectives for the Public Housing Program. Compare objectives against current government priorities. 	<ul style="list-style-type: none"> 1986 CMHC Social Housing Review CMHC Strategic Plan Consultation Paper on Housing Neilson Task Force Report CMHC RD's on Public Housing

PROGRAM RATIONALE

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>3. To what extent is public housing being used as a permanent source of shelter? Is the initial and implicit objective of providing transitory housing assistance still relevant?</p>	<p>• One of the initial and implicit objectives of the public housing program was that it would provide transitory housing assistance to households who would eventually move back to private market housing. Over the years, public housing appears to have been used as a more permanent source of shelter. The issue is to examine the extent to which public housing is being used as a source of permanent shelter and whether the objective of providing temporary assistance is still relevant.</p>	<ul style="list-style-type: none"> • Length of stay of clients. • Turnover rates. • Project characteristics. • Client characteristics. • Client perception of improvement in family and financial situation. • Plans to leave. 	<ul style="list-style-type: none"> • The analysts would examine length of stay of clients and would attempt to identify trends regarding client type, project characteristics, concentration and composition of tenant population, and any other appropriate variables. • The analysts will draw on findings related to the issues of rent levels of public housing and of whether public housing tenants are indeed in need of assistance. • In light of these findings, the analysis will examine whether the objective of providing transitory housing assistance is still relevant. 	<ul style="list-style-type: none"> • Tenant Survey • Provincial Info • Project Managers Survey

PROGRAM RATIONALE

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>4. Do program design features, such as the maintenance and the modernization and improvement (M&I) budgeting process, result in cost-effective decisions on the public housing stock.</p>	<p>Concerns have been expressed that the maintenance and M and I budgeting procedures for the public housing program, which were designed when emphasis was on the production of new units, are no longer adequate now that the emphasis has shifted to maintaining the existing stock. At issue is whether these procedures are still adequate for the post-production operating phase and whether there are limitations in their design which hinder rational and effective planning and cost-effective decision-making with regard to the management of the existing public housing stock.</p>	<p>Avenues to investigate this issue are currently being considered. Possible avenues include:</p> <ul style="list-style-type: none"> - opinions and perceptions of managers, provincial and federal officials - uses of M & I budgets. - assessment of internal logic of program design in context of post-production operating phase. 	<p>The analysis will examine the strengths/shortfalls of specific program design. eg. How is Maintenance and M&I funding being used? What are the shortfalls of the funding mechanisms, and how they could be improved upon.</p>	<ul style="list-style-type: none"> • Manager Survey • Provincial Info • CMHC procedures and guidelines manuals • CMHC work routines • Provincial operating manuals • Provincial project data compiled by CMHC

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>5. Does the program provide its clients with dwellings/properties which are structurally sound and free of either health or safety hazards?</p>	<p>• As mentioned above, concern has been rising over the condition of the public housing stock. A limited number of projects with physical and social problems have attracted most of the attention in the past. The general aging of the stock, the effects of lower standards of initial construction, and insufficient investments for maintenance are factors that may have contributed to some units being in poor condition. The evaluation will provide an objective and accurate picture of the condition of the stock using several measures.</p>	<ul style="list-style-type: none"> • Summary rating by Inspectors on unit. Building, site & over-all project • Rating by Project Managers • Rating by Tenants • Modernization costs per: <ul style="list-style-type: none"> - M2 - Person 	<ul style="list-style-type: none"> • This methodology will allow us several lines of evidence. • Analysis of costs would look at projects with above and below average repair and replacement costs. 	<ul style="list-style-type: none"> • Inspections • Manager Survey • Tenant Survey

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>6. Does the program provide its clients with appropriate dwellings. Does the program respond to the changing characteristics of its clients?</p>	<ul style="list-style-type: none"> The composition and size of public housing tenant households or those in need of housing assistance have changed since the program was introduced. At issue is whether public housing provides suitable housing to its present tenants, and whether public housing offers a stock of units suitable to the types of households in need of assistance (as represented by the composition of its waiting lists or as measured in studies or models of housing needs). Findings in this area will help to define the need for modifications of the public housing stock to improve its suitability to the client groups. This issue is concerned with the conversion of PH units to better match the client groups being served by the program, vs. Repairs/replacements or additions which are viewed as entirely separate areas of concern. One must take into account that waiting lists may not be truly representative of the overall composition of HHLDS in need. 	<ul style="list-style-type: none"> HHLDS composition of present PH tenants vs composition of PH stock. HHLDS composition of waiting lists vs composition of PH stock. HHLDS composition of core housing need HHLDS vs composition of stock. Views of public housing tenants. Need for facilities. Crowding 	<ul style="list-style-type: none"> measure length of wait for various client groups. match HHLDS on waiting list with housing stock. examine vacancies by unit type (must be careful to control for condition, market influences, dwelling type variation, etc). could be problems of data availability (lack of a comprehensive/uniform needs data base for all provinces); CMHC P.E.D. will have to assess appropriateness of provincial data bases. findings could be tied to conversion needs. 	<ul style="list-style-type: none"> Manager Survey. Project Vacancy data. Tenant survey National Occupancy Standards. Provincial Client/Project Data compiled by CMHC. Waiting Lists (local housing authorities, provincial housing agencies) Core Housing Needs data. CENSUS HIPE

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>7. Is maintenance done in a timely fashion or deferred to future years and budgets?</p>	<p>• The current condition of the public housing stock is related to several factors, including the deferral of maintenance to future years and budgets. At issue, when estimating the modernization needs of the stock, is the extent to which the deterioration of the stock can be associated with the deferral of maintenance. The findings on this issue could uncover one reason for the deterioration of the stock and provide a sounder basis for decision-making to address the problem.</p>	<ul style="list-style-type: none"> • Clients opinion • Managers opinion • <u>Expenditures</u> <u>Budget</u> • <u>Maintenance \$</u> <u>M²</u> 	<ul style="list-style-type: none"> • The analysis of this issue should be tied-in with the issue of whether or not project operating budgets have been sufficient. This, in turn, will aid in assessing if "problem" projects are due to poor management or a lack of resources. • Survey of project managers and clients to see how they perceive the timeliness of maintenance. • The examination of maintenance records can address the question of when overdue maintenance is actually deferred. • The analysis will include assessments of units, buildings and sites. 	<ul style="list-style-type: none"> • Tenant Survey • Manager Survey • Project maintenance plans/records • CMHC inspections • 1980 study of Operating Costs • CMHC PH data file • Provincial PH data compiled by CMHC

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>8. What are the Total estimated costs of meeting the modernization of the Public Housing Stock?</p>	<p>• Concerns have been expressed over both the condition and the costs of meeting the modernization needs of the public housing stock. These concerns can be related to two distinct objectives of the program; first, to provide adequate housing to its tenants, and second, to do so at reasonable costs to the government, this latter objective being re-emphasized in the CMHC Strategic Plan. The evaluation will provide an estimate of the total costs of meeting the modernization needs of the public housing stock, including basic repairs & replacements, additions, energy conservation actions, and conversions.</p>	<p>• See instruments developed for the estimation of modernization costs for:</p> <ul style="list-style-type: none"> - Repairs/replacements - Additions - Energy conservation - Conversions 	<p>• The estimated cost of the various types of modernization needs will be aggregated at the national and regional level.</p> <p>• The calculations would include different combinations of types of modernization need and urgency of actions.</p>	<p>• CMHC Social Housing Review.</p> <p>• See instruments developed for the estimation of modernization costs for:</p> <ul style="list-style-type: none"> - Repairs/replacements - Additions - Energy conservation - Conversions

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>9. What are the estimated costs for <u>repairs & replacements</u>?</p>	<ul style="list-style-type: none"> • The evaluation will estimate the costs of repairs or replacements of existing items required in order for the program to continue to provide adequate dwellings and sites and to prevent further deterioration of the stock. 	<ul style="list-style-type: none"> • Action required on a particular system of a unit, building or site. • % of system requiring particular action. • Urgency of action before additional costs are incurred. • Costs associated with actions on individual systems. 	<ul style="list-style-type: none"> • Inspectors would provide their judgement on what actions are required, on % of the system observed, and on the urgency of the actions. • The above information would then be used to estimate costs for repairs & replacements using a central costs file at CMHC National Office. 	<ul style="list-style-type: none"> • Inspections of units, buildings and sites by CMHC Inspectors. • Costs file on repair and replacement actions on systems inspected.

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>10. What are the estimated costs for <u>additions</u>?</p>	<p>• The evaluation will estimate the costs of additional amenities to the public housing stock that are required in order to provide adequate dwellings and sites. These additions would fall into five categories:</p> <ol style="list-style-type: none"> 1) additions for code compliance; (e.g. smoke detectors); 2) additions for senior care/facilities/amenities (e.g. railings); 3) additions for disabled facilities (e.g. automated doors); 4) additions for vandalism prevention, durability, and maintenance cost-effectiveness (e.g. breakage resistant fluorescent light covers); and 5) additions for landscaping, playgrounds, and recreational facilities (e.g. exterior lighting). 	<ul style="list-style-type: none"> • List of potential additions under each category. • Costs associated with potential additions. 	<ul style="list-style-type: none"> • A list of potential additions for the public housing stock would be developed by CMHC. • This list would then be sent to public housing project managers to identify which additions would be appropriate for their project. • The above information would then be used to estimate modernization costs for additions using a central cost file at CMHC National Office. 	<ul style="list-style-type: none"> • Manager Survey • Costs file on additions

OBJECTIVES ACHIEVEMENTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>11. What are the estimated costs for conversions?</p>	<ul style="list-style-type: none"> The evaluation will estimate the costs for two categories of conversions. Included in the first category is the conversion of vacant units or those unsuitable for public housing tenants from a space requirements perspective. The second category includes conversions which could be undertaken in order to adjust the stock to better suit the household composition of potential clients either on the waiting lists or identified as being in core housing need. The second category of conversion is not included in the total modernization estimates, since adjustments could be via one or the other social housing programs. 	<ul style="list-style-type: none"> # and type of units vacant because they do not match demand Types of households for which the units could be converted Costs of converting certain size unit to another size in a particular type of building Results of analysis of match between demand and supply for the public housing stock 	<ul style="list-style-type: none"> Managers would be asked if units in their projects are vacant because they do not match demand for the project. Potential conversions for these units would be defined based on the composition of HHLDS on the waiting lists or in the core need estimates for that province. Potential conversions would be identified based on the results of the analysis of match between supply and demand for public housing. Costs for conversions would be estimated from a central cost file at CMHC. 	<ul style="list-style-type: none"> Manager Survey Waiting Lists (Local Authorities, Provincial Housing Agencies) Core Need Data Survey or in-house calculation for estimating conversion costs

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>12. What are the estimated costs for energy conservation?</p>	<ul style="list-style-type: none"> Although energy saving considerations are not directly linked to repairs or replacements, the absence of energy upgrading could have a significant impact on operating costs. The issue is to estimate the costs for necessary energy upgrades. The appropriateness of the upgrades could be determined according to the savings associated with each upgrading option. Concern here is linked to the cost of upgrading and the savings associated with more energy improvements. The availability of heating cost records will influence whether this latter point can be addressed. (A case study approach may be required). 	<ul style="list-style-type: none"> areas where energy upgrading is required coincidence of a repair need with the need to upgrade energy levels. cost estimates of energy upgrading for certain types of upgrades/building types. extrapolation of costs for energy upgrading to the universe based upon the need. <p>IF AVAILABLE</p> <ul style="list-style-type: none"> heating costs by energy condition rating 	<p>The energy upgrading needs of the stock will be determined through inspection and a close check with property managers.</p> <p>Two factors will be examined to determine the reasonableness of upgrading. First, the coincidence of repair need where upgrading is required will be studied; as will the energy costs associated with low levels of energy retrofitting.</p> <p>The costs for certain types of energy work for various building types will be estimated and then generalized to the population of PH projects.</p>	<ul style="list-style-type: none"> Inspections Manager Survey Estimates of costs of energy improvements by building type

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>13. Are there units which should be demolished for reasons of physical and/or functional obsolescence?</p>	<p>Concerns have been expressed that some public housing units are beyond repair or are no longer functional and therefore do not warrant the expenditure of modernization funds. At issue is whether there are units which should be demolished for reasons of physical and/or functional obsolescence.</p>	<ul style="list-style-type: none"> • Modernization cost/M² • Property Manager or Provincial Official Assessment of conditions beyond repair. • Overall project condition measure by inspectors 	<ul style="list-style-type: none"> • The Analysis will use three lines of evidence to identify units/projects which do not warrant the expenditure of modernization funds and should be demolished: 1. A "Point of no return" or threshold measure of modernization costs beyond which costs are excessive. 2. Assessments of conditions beyond repair by property managers and provincial officials. 3. Overall project condition measure by inspectors. 	<ul style="list-style-type: none"> • Inspections • Cost Files • Manager Survey • Provincial Info.

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>14. What is the need for redesign and redevelopment?</p>	<ul style="list-style-type: none"> Redesign or redevelopment might be more appropriate strategies to follow than repairs, replacements or additions for some public housing projects. For example, some projects may suffer from poor original design while some sites could be redeveloped to a higher and better use. The evaluation will determine the incidence of projects which are candidates for redesign or redevelopment. The likely low incidence of projects in need of redesign or redevelopment and the likely large variations in costs for redesign and redevelopment would require high % sampling for inspections of projects candidates for redesign and development to produce national cost estimates. The detailed study of redesign & redevelopment needs would however be a complex and resource consuming task. Given this limited time for the study, it therefore does not seem appropriate to undertake such a study. 	<ul style="list-style-type: none"> List of projects which would be candidates for redesign or redevelopment. Brief description of reasons why each project is in need of redesign or redevelopment. 	<ul style="list-style-type: none"> The analysis of the survey results would allow to determine the magnitude of the needs for redesign and redevelopment. The brief description of reasons for redesign & redevelopment would allow to broadly control which projects listed should be considered qualifiable for redesign or redevelopment. Projects could also be classified by reasons for redesign or redevelopment. The analysis would allow to determine if further resources should be allocated to the study of redesign and redevelopment needs (e.g. series of case studies). This collection of information and its analysis should therefore be completed as early as possible in the study. 	<ul style="list-style-type: none"> Survey of Provincials & Project Managers

OBJECTIVES ACHIEVEMENT

Question /Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>15. What are the characteristics of public housing clients? How do they compare with the total population identified as being in need? Are all clients of the program in need of assistance?</p>	<p>. The evaluation will collect information about public housing tenants, examine how representative the present client group is of the total population in need of assistance according to a range of low-income definitions and the core need criteria.</p>	<ul style="list-style-type: none"> . % of PH Tenants with incomes below CNIT . % of PH Tenants who meet alternative need criteria (low income) . Incidence of special needs Tenants. . HHLID composition. . Age of HHLID members. . Sex of HHLID members. . Household income. 	<ul style="list-style-type: none"> . The analysis will examine if PH tenants are in need of assistance under different criteria. . The analysis will compare the characteristics of households in public housing with that of HHLDS on the waiting lists or of HHLDS which have been identified as being in core need. 	<ul style="list-style-type: none"> . CNIT data . Tenant survey . Low-income cutoff data, e.g. poverty levels, HIFE HHLID income, GDS . Core need data . Waiting lists (Local Authorities Provincial Housing Agencies)

OBJECTIVES ACHIEVEMENT

Question /Hypothesis	Discussion	Measurement/ Indicators	Methods/Data	Source
<p>16. Are public housing waiting lists effective and equitable vehicles for selecting new clients for public housing?</p>	<ul style="list-style-type: none"> Procedures and eligibility criteria regarding public housing waiting lists vary across Canada. At issue is whether waiting lists in their present form are an effective and equitable means of selecting new clients for public housing. 	<ul style="list-style-type: none"> Procedures and eligibility criteria for public housing waiting lists. Characteristics of HHLDS on waiting lists. Characteristics of HHLDS identified as being in core need. Frequency of updates. Length of waiting lists (# of HHLDS or approximate wait for unit). 	<ul style="list-style-type: none"> The analysis will include the procedures and eligibility criteria for public housing waiting lists in the various provinces with regard to their efficiency and equity. The analysis will also examine how representative are public housing lists of the total population identified as being in core need. The analysis will also examine how the public housing waiting lists interact with those of new social housing programs. 	<ul style="list-style-type: none"> Provincial Info. Core need data Waiting lists (Local Authorities Provincial Housing Agencies)

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>17. Does the program provide its clients with a socially acceptable living environment?</p>	<p>Concerns have been expressed that a number of public housing projects have a concentration of social problems which render them as undesirable and, perhaps, unsafe places to live. At issue is whether public housing projects provide their clients with a socially acceptable living environment, and if not, what is the extent of the problem.</p>	<ul style="list-style-type: none"> The development of a list of indicators is currently underway by means of a review of other studies. Ontario Study on support services (indicators) HUD Study on Quality of Living Environment (indicators) 	<ul style="list-style-type: none"> The analysis would rely on the ratings and opinion of tenants and managers, on a # of quality of life and living environment measures. The Analysis would attempt to develop indices of quality of life so that overall ratings can be attained. 	<ul style="list-style-type: none"> Tenant survey Manager survey

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>18. Are community facilities and services reasonably accessible to public housing residents?</p>	<p>• Concerns regarding the use of prime land for subsidized housing led to many public housing projects being located in isolated suburban sites, relatively far from facilities and services. Over time, some situations have resolved themselves as areas surrounding formerly remote projects have been developed. At issue is whether accessibility problems still prevail today for public housing tenants.</p>	<p>• The development of a set of indicators is currently underway by means of a review of other studies:</p> <p>• Ontario Study on support services (Indicators)</p> <p>• HUD Study on Quality of Living Environment (Indicators)</p> <p>e.g. - grocery store - drug store - shopping - church - recreation - transit - school - etc.</p>	<p>• employ rating scales in surveys.</p>	<p>• Tenant survey • Project Manager</p>

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>19. Have public housing residents been assimilated into their surrounding communities?</p>	<p>One of the greatest fears associated with the original intent of the program was that the projects, particularly those housing large numbers of low income households, would "stand out" in their communities, despite the fact that project integration was one of the original program objectives. Although some projects clearly have experienced problems in this regard in the past, the issue at hand is whether in fact this situation continued to be a problem, and if so, how widespread it is.</p>	<ul style="list-style-type: none"> The development of a list of indicators is currently underway by means of a review of other studies: <ul style="list-style-type: none"> Ontario study on support services (indicators) HUD Study on Quality of Living Environment (indicators) e.g.- tenant participation in neighborhood groups/organizations - # or % of friends in project, in surrounding neighborhood - length of time in unit (turnover rate) 	<ul style="list-style-type: none"> The analysis would examine tenant and property manager opinion regarding the assimilation of clients. 	<ul style="list-style-type: none"> Tenant survey Project Manager survey

OBJECTIVES ACHIEVEMENT

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>20. To what extent are clients satisfied with life in public housing projects?</p>	<ul style="list-style-type: none"> An important measure of program effectiveness is the level of satisfaction of tenants with life in public housing projects. At issue is to determine the level of client satisfaction with the life in public housing projects. 	<ul style="list-style-type: none"> Ratings by tenants on a variety of indicators on the quality of life in public housing. These indicators are currently being developed and will be used to investigate other issues as well. An overall rating on quality of life in public housing projects will be included. 	<ul style="list-style-type: none"> The analysis will examine the level of satisfaction of tenants in public housing projects. The satisfaction ratings will be analyzed in comparison to other information on projects and tenants collected for the study. 	<ul style="list-style-type: none"> Tenant survey

IMPACTS & EFFECTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>21. Are public housing tenants charged rents on an equitable basis across the country. How do rents in public housing units compare with rents in other social housing units?</p>	<p>• One of the objectives of the program is to provide affordable housing to its clients. Concerns have been expressed that the affordability of public housing varies across the country depending on the rent scale used and the amenities provided with the units. The evaluation will determine how the affordability of public housing varies across the country and will examine how rents in public housing compare with rents in other social housing units.</p>	<ul style="list-style-type: none"> • Provincial RGI scales • Amenities included in rent • Federal RGI scale 	<ul style="list-style-type: none"> • The analysis will compare the rent scales used by the provinces. These scales will also be compared with the federal rent scales with regard to affordability. • The analysis will also compare the rent scales used in public housing with those used for the other social housing programs. • The analysis will attempt to take into account the different services (heat, fridge and stove) in/excluded in the rent when comparing the scales. 	<ul style="list-style-type: none"> • 1985 Compendium of Rent-to-Income Scales • Provincial Info

IMPACTS & EFFECTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
22. Is there a significant difference in the incidence and extent of modernization needs for public housing projects provided through new construction compared with those provided through acquisition?	<p>• Although the year of commitment for public housing projects, particularly those under Section 43/44 Regular Program, may give the impression that the stock is still quite young, projects may have been provided through the acquisition of existing housing projects. At issue is whether these acquired projects vary significantly from new construction projects in their incidence and extent of modernization need.</p>	<p>• Modernization costs (total & by type) of constructed projects vs acquired project holding year of completion constant.</p>	<p>• The analysis will compare total and categorized modernization costs for constructed and acquired projects, and determine if there are significant differences in modernization costs and attempt to identify trends.</p>	<p>• Inspections</p> <p>• Provincial project data compiled by CMHC</p>

IMPACTS & EFFECTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>23. How does management performance relate to the physical condition of public housing projects as well as financial performance, social environment, and tenant satisfaction?</p>	<p>• Effective management in public housing projects has a significant influence on all aspects of the public housing program. At issue is whether there exist significant relationships between aggregate ratings of management performance (e.g., high- and low-performing) and the findings on these other issues. In the case that significant relationships are identified, the evaluation will examine the management characteristics of projects which were found to be high- or low-performing. It should be noted that the aggregate ratings of management performance would be developed using a wide range of indicators of management performance.</p>	<p>• A list of indicators of management performance is currently being developed based on previous work in Canada and the United States. (See Annex B).</p>	<p>• The analysis will attempt to develop a composite measure of management performance (high and low). • The methodology to develop this index could involve factor analysis or a similar approach to that developed by the Urban Institute in Washington. • The analysis will then try to identify significant relationships between the ratings of management performance and the findings on other issues addressed in the study.</p>	<p>• Tenant survey • Manager survey • Provincial Info. • CMHC data files</p>

IMPACTS & EFFECTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
<p>24. Have tenants been involved in the management of their own projects? What has been the result of this involvement?</p>	<p>The literature on PH contains numerous references to the positive attributes of tenant involvement in the management of their projects. In spite of the benefits, the literature also notes that there is a low level of tenant involvement in PH. The evaluation study will examine the extent of tenant involvement in the management of PH projects in Canada and search for lessons that could be beneficial to the on-going management of the existing stock.</p>	<ul style="list-style-type: none"> Indicators of tenant involvement in project management are currently being developed 	<ul style="list-style-type: none"> The analysis will include a correlation between various forms of tenant involvement (e.g. tenant management committee attendance) and a selected set of outcomes (e.g. vandalism and maintenance levels). Exogenous factors must be controlled for (e.g. project size). The matching of tenant and project manager survey results with the CMHC inspection survey would permit the analysis of the impact of participation levels on dwelling/project condition and to the occurrence of problems/successes in these projects. 	<ul style="list-style-type: none"> HUD Evaluation Study on a 3-yr. Tenant Management experiment. Tenant survey Manager survey. Inspections

IMPACTS & EFFECTS

Question/Hypothesis	Discussion	Measurement/Indicators	Methods/Data	Source
25. How does the public housing stock complement or compete with projects built under other social housing programs?	<ul style="list-style-type: none"> The combination of public housing units and other social housing units may have led to an oversupply of social housing units in certain local markets. At issue is whether there are instances where the public housing stock competes with units produced under other social housing programs and the extent to which the planning and delivery of the new social housing units takes into account the existence of public housing units in particular markets. 	<ul style="list-style-type: none"> Vacancy rates. Turnover rates. Managers' perception of reason for vacancy and turnover rates. Rate of refusal of units. Rate of movement between public housing projects and social housing projects? Reason for move. Composition of public housing stock vs. composition of other social housing stock. 	<ul style="list-style-type: none"> The analysis will examine vacancy and turnover rates and how managers perceive that these are related to competition from other social housing units. The analysis will also examine to what extent are existing public housing units taken into account in planning the distribution of new social housing units. The analysis will examine the composition of the public housing stock compared with the composition of other social housing stock. 	<ul style="list-style-type: none"> Manager Survey Provincial 3-year plans, if available Provincial info CMHC admin data

ANNEX B: REVIEW OF PUBLIC HOUSING EVALUATION STUDIES

CANADA

1. The Public Housing Review: Volume I. by David Black, for CMHC, October 1976.
2. Operating Costs in Public Housing Projects in Canada. Program Evaluation Division, CMHC, March 1980.
3. Social Housing Review. Program Evaluation Division, CMHC, December 1984.
4. Patterns of Support: The Use of Support Services Among Senior Citizen Public Housing Tenants in Ontario. Social Data Research Ltd., Hamilton, Ontario, prepared for The Ministry of Housing, Toronto, Ontario, September 1986.
5. Patterns of Support: The Use of Support Services Among Family Public Housing Tenants in Ontario. Social Data Research Ltd., Hamilton, Ontario, prepared for The Ministry of Housing, Toronto, Ontario, January 1987.

GREAT BRITAIN

6. English Housing Condition Survey - 1981, 1986. Department of Environment.
7. An Enquiry into the Condition of the Local Authority Housing Stock in England: 1985. Department of the Environment, November 1985.

UNITED STATES

8. Study of the Modernization Needs of the Public Housing and Indian Housing Stock. Abt Associates, Cambridge, MA, March 1987.
9. Public Housing Authority Experience with Private Management: A Comparative Study, The Granville Corporation, prepared for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Washington, DC, May 1983.

THE PUBLIC HOUSING REVIEW: VOLUME I. by David Black, for CMHC, October 1976.

CONTEXT

The Public Housing Review followed a period of remarkable increase in activity as well as in capital and operating costs for the Public Housing program in the early 1970's. CMHC faced a situation where there was a complete lack of readily available statistical information on the Public Housing program, including the location and costs of the projects.

This review was the only completed study out of many studies which were planned in 1974-75 as part of a general review of the Public Housing Program.

STUDY APPROACH

The terms of reference for the review were "to conduct a historical review of the performance and activity of the Public Housing programs." The purpose of the review was "to illuminate the central issues of policy and management which require attention". The study approach therefore included the following tasks:

- organizing an approach to the available in house data;
- building the necessary computer files to analyse the data;
- preparing a written report analysing the distribution of projects and variations in capital and operating costs, revenues and subsidies;
- and after the data collection, discussing and analysing these data, and making policy-related and management-related suggestions.

Information on a total of 3407 Section 40 and Section 43 Public Housing and co-operative projects was collected in three separate phases. Two different types of information were coded. First, project description and loan description information was coded for all projects. Second, yearly operating statistics, provided by audited statements, or subsidy claims, when applicable were also included.

The collection of data proved to be a considerable and difficult task because of incomplete data, varying definitions and guidelines and a lack of file control procedures. A total of 336 separate data variables were collected on 1506 projects on the main data files. More information on the collection efforts and limitations of the data files can be found in the report itself.

Various indicators were used in the analysis of the Public Housing program. These indicators are described along with the findings of the review in the section below.

DATA SOURCES

Information was obtained from many sources: the main body of files in Central Registry and in the Public Housing Division, summary files, real estate registers, social and recreational files, Corporation Forms - 1672 ("Summary - Public Housing Loan/Federal Rent Subsidy"), amortization schedules in Financial Services, and, for projects in Québec, the files in the CMHC regional office in Montréal. Operating statistics for the period 1968-1974 were obtained from audited statements and subsidy claims submitted to CMHC.

FINDINGS

1. Project Size

Three indicators were used to look at project size: rentable rooms per project, population per project, and people per unit.

- Results show a trend to smaller projects with fewer bedrooms and fewer people per unit starting as early as 1966.
- The average number of people in a project declined from a high of 851 for projects completed in 1964 to a low of 185 for projects completed in 1974.
- By the end of 1976, an estimated half a million Canadians lived in Section 40 and Section 43 housing. There was however very little organized knowledge about public housing tenants available.

2. Costs of Public Housing

Indicators used to measure the costs of public housing projects included the capital cost per unit and the capital cost per person per unit.

- The review found that there had been a sharp increase in capital costs, which had increased by two and a half times between 1951 and 1974.
- Capital cost per person increased by 290% and 128% for family and senior projects between 1966 and 1975. The larger increase for family projects can be explained by smaller project sizes, smaller unit sizes, and by the smaller family sizes.
- Between 1951 and 1975, the capital cost per person increased by almost ten times, well beyond the rate of increase of the shelter component of the CPI. This is explained in part by the shift to smaller projects with more projects for the use of senior citizens.
- Between 1970 and 1974, the ratio of completed rental rooms for

families to senior citizens changed from 3 to 1 to 1.3 to 1.

- The review reported that this shift of resources to meet the needs of seniors was probably unwarranted in relation to their level of demonstrated housing needs.

- Overall, increasing costs were providing shelter for fewer people.

3. Equity Considerations

- The review reported that linking the subsidy to the units instead of to the household, in the form of a shelter allowance for example, allows community discrimination to develop against family households.

- It further reported that the dollar cost of this "prejudice" was considerable and impossible to justify.

- The first component of this cost of prejudice was equality of access: families were denied the use of capital facilities available to others who were less in need.

- The second component was that their opportunity to share in the on-going subsidy was reduced.

- The review concluded that the existing Public Housing program was not a particularly attractive vehicle for the distribution of resources in a society which places a high value on equality of opportunity, social mobility and access to scarce social goods on the basis of need.

4. Growth of Subsidy Expenditures

- The review found that the Public Housing programs, financed through Sections 40, 43 and 44, behaved as a system and not as a collection of individual projects with peculiar and interesting idiosyncracies. This can be explained by the high level of uniformity throughout the system produced by a number of policies and directives and by the fact that the Public Housing program was relatively new, realistically dating back to 1970.

- The review also found that no optimum size for the program had been established and, in the absence of a clear determination of goals, the program had grown in a haphazard manner.

- The review gave a "best guess" of \$400 million in 1976\$ in future subsidy costs for 1981 based on the number of units expected to be under management at that time.

- The review suggested that the demand for public housing had to be related to an estimate of housing needs. A discussion of needs estimates and the role of the Public Housing program in the social welfare scheme is not included in this summary.

5. Management Issues

The review included a substantial analysis of the internal and external environment of CHMC and cost-sharing agreements. This summary of management issues is limited to findings related directly to the Public Housing program.

- The review found that more attention was given to public housing "starts" than to their implications in terms of subsidy dollars for the next 50 years and the indirect and substantial transfers to be made to future occupants. This was seen as a direct reflection of the government's use of the construction of public housing in economic policy.
- The review also found that the state of the control system for the Public Housing program was inadequate and that the responsible Division did not have the resources to monitor or evaluate the program.

CONCLUSION

The review concluded that the explosive growth of the Public Housing program overwhelmed any systematic attempts at establishing goals or measuring success. The review also made recommendations regarding the estimation of future costs, a shift in focus from project management to program management, the decentralization of responsibility for operating costs, the acquisition of regular and accurate information about beneficiaries of the program, and increasing the analytical capability of the Public Housing Division to contribute to the monitoring and evaluation of the program.

OPERATING COSTS IN PUBLIC HOUSING PROJECTS IN CANADA.

Program Evaluation Division, CMHC, March 1980

CONTEXT

During the 1970's, Federal subsidies for public housing in Canada rose rapidly. This rapid growth in Federal subsidies was partly the result of the rapid growth in the number of projects with losses to be shared. Changes in the composition of the tenant body, resulting in revenues growing much less rapidly than expenses, also contributed to this growth of subsidies.

This report concentrated on expenses and its objective was to identify patterns and trends in the operation of the public housing system which had contributed to the increases in project expenses in previous years.

STUDY APPROACH

The overall approach of the study was to begin with a description of the public housing system in Canada, and then to identify specific parts of the portfolio which were abnormally high or low in terms of expenses. Finally an attempt was made to explain these situations.

Expenses were examined both at a point in time (1976) and in the way in which they changed over a particular number of years (1971-76). Indicators of costs such as expenses per unit or per person were used. Regression techniques were also used in attempting to identify factors affecting project expenses.

The reason for the analysis of changes in expenses over time was to gain an understanding of the present situation, and to have a basis for forecasting some years into the future. The analysis looked at various types of expenses, the relationship between amortization expenses and operating expenses, and the impact of inflation on expenses.

The final piece of analysis was to make a forecast of project expenses, and the resulting Federal subsidies, to 1985. The forecasts were based on the idea that amortization expenses are fixed, and non-amortization expenses are growing at some annual rate related to inflationary conditions in the economy at large, and to projects' needs for maintenance, modernization and improvement rising with age.

DATA SOURCES

For the examination of expenses, projects were chosen from CMHC's Public Review File (1979) if they met three conditions: a completion date was recorded, a figure for Total Expenses was recorded, and they had been operating for all twelve months of 1976. Total Expenses per Person were calculated using occupancy

data derived from a 1979 survey of a sample of public housing tenant files by the Program Evaluation Division.

For the examination of changes in expenses over time, the time-period chosen was 1971 to 1976. This period was chosen as 1976 was the latest year for which the Public Housing Review File provided a sample of reliable cost data. Expenses were totalled for all projects meeting certain conditions, namely that the projects had a completion date on file for before 1978, that they had been in operation for the full twelve months of both 1971 and 1976, and that the figures were on file for total expenses, operating expenses, maintenance, administration, municipal taxes, and annual amortization payments.

FINDINGS

1. Low- and high-expense projects were found in most areas.
2. There appeared to be some tendency for projects having per person expenses below the national mean to be located in Quebec, Saskatchewan and Alberta, to be relatively old (built before 1970), or to consist of from 1 to 100 units.
3. The regressions did not give much support for the hypothesized effects on project expenses of project age, size and location.
4. Several regressions yielded considerable support for the hypothesis that dwelling-units accommodating more people have lower expenses per person than units accommodating fewer people.
5. It was noted that amortization expenses, being fixed, declined as a percentage of total expenses, while non-amortization expenses were growing faster than inflation, partly because of inflation in wages and prices, and partly because of other factors such as wear and tear as projects began to age.
6. It was estimated that total expenses on public housing projects would grow from approximately \$567.8 million in 1978 to over \$1.5 billion in 1985.
7. Revenues were estimated to grow at a lower rate, such that there would be a growing loss to be shared by the Provinces and the Federal government.
8. Federal subsidies were forecasted to grow from \$203.9 million in 1978 to \$718.7 in 1985.

CONCLUSIONS AND RECOMMENDATIONS

In light of its findings, the report made several conclusions and recommendations which are as follows:

1. In view of the way in which levels of annual expenses per person and per unit vary among projects, within as well as between regions, emphasis should be laid on provinces and local housing authorities seeking their own solutions to the problems of rising project expenses.
2. CMHC should take steps to strengthen its project review system.
3. It seemed appropriate for CMHC to offer assistance in seeking solutions to the problem of rising expenses, such as sharing the cost of management consulting studies.
4. Care should be taken in researching management problems at the local level to take into account research then underway in the Program Evaluation Division as well as the practical experience of management gained by the Metro Toronto Housing Company and research results in the United States.
5. Particular attention should be given to the importance of combining firmness with fairness in making and applying management policy in choosing tenants and administering projects.
6. The forecasting model developed in this report should be refined and forecasting should become a regular commitment in light of the size of future subsidy liabilities being forecast.
7. The finding that dwelling units accommodating larger households tended to have lower expenses per person than smaller units indicated that individuals, senior citizens and other small households should have priority, with respect to cost effectiveness, when shelter allowance are being considered as a substitute for public housing.

SOCIAL HOUSING REVIEW. Program Evaluation Division, CMHC,
December, 1984.

CONTEXT

The review of the social housing programs was intended to assist in the review of social housing policy called for by the CMHC strategic policy plan. The purpose of the review was to assess the effectiveness of the programs and, in doing so, to provide a benchmark against which to consider and assess new policy proposals.

The review was concerned with the group of programs comprising social housing, including public housing, and considered the overall performance of the group as well as the comparative performance of individual programs.

STUDY APPROACH

The approach of the review was twofold. First, it examined the underlying rationale for the social housing programs. Second, it assessed each program in terms of the social housing objective, its other impacts and effects, and finally its cost effectiveness.

1. Social Housing Objective

The focus of the review was to assess the extent to which the overall social housing objective was achieved. The social housing objective as stated in the Corporation's Operational Plan is:

"To assist Canadians whose income is insufficient to gain access to adequate housing by encouraging and supporting in conjunction with provinces, municipalities and their agencies the provision of low and moderate income public housing and by encouraging the establishment of non-profit and cooperative housing operations."

In order to assess the achievement of the objective, the review used indicators of affordability (rent-to-income ratio), adequacy (physical dwelling condition data), suitability (crowding), and the level of client satisfaction.

2. Other Impacts and Effects

The review of other impacts and effects focused on the achievement of other social policy priorities and on other effects on housing markets and the social and physical environment of those receiving assistance.

The review of the achievement of social policy priorities examined vertical and horizontal equity of the programs, the degree of assistance to those most in need, and the attention given to the needs of special groups.

Effects of the social housing programs on housing markets were reviewed by examining their contribution to the housing unit stock and the extent to which program production had been consistent with rental market conditions.

Effects on the social and physical environment of those receiving assistance were difficult to measure in such a way that valid conclusions could be drawn. Indicators used in the review included clients' perceptions of their housing and quality of life, clients' ratings of their neighborhood and facilities, indicators of the extent of social interaction in projects, and turnover rates as an indicator of project stability.

The review also examined the effects of other Federal and Provincial programs such as DIAND's program for on-reserve housing and C.A.P. contributions to Provincial welfare expenditures. It also examined how social housing subsidies are generally integrated with and affected by other income transfers and the tax system. Finally, the review examined the potential of the social housing programs to affect work incentives of the recipients of assistance.

3. Cost-Effectiveness

The review examined cost-effectiveness of the social housing programs in terms of the cost per unit output. Costs included capital and operating subsidies as well as administrative costs. Two different measures of output were used. The first measure included the total number of units assisted regardless of the income level of the occupant. The second measure, which was more pertinent to the social housing objective, included the number of assisted units occupied by RGI clients.

Costs were estimated over a 35-year period assuming an identical project funded under the terms of each program. Cost models were implemented for three different interest rate assumptions of 10%, 14% and 18%. Different assumptions were also made for the rates of change in operating costs, market rents and RGI rents under each interest rate assumption.

DATA SOURCES

The two primary data sources for the Social Housing Review were a national survey of social housing occupants and managers, and project administrative data on physical and cost information. The national survey took the form of a mail-back questionnaire and a separate survey was conducted for the Rent Supplement program.

Secondary data sources included various Statistics Canada reports, Canadian Housing Statistics reports by CMHC for housing markets information, and the Household Income Facilities and Equipment (HIFE) file for the analysis of housing problems. Studies carried out by CMHC and other Federal agencies were also

utilized.

FINDINGS

The findings of the 1984 Social Housing Review were the following:

1. Program Rationale

The review found that there existed a continuing rationale for social housing programs and that there is a strong rationale for government action to address core housing problems based on equity considerations. The review also found that social housing programs appear to be logically focused.

2. Social Housing Objective

a) Insufficient Income

The review found that 70% and 75% of the occupants were in core need for the overall social housing programs and for the public housing program respectively.

b) Adequate Housing

Overall, Public Housing occupants were quite positive about the physical condition of their dwellings, expressed a high level of satisfaction with their projects, and assessed the need for repairs to be about the same as that for the rental stock generally. Rent Supplement occupants were slightly less positive while the RNH units were often in poor physical condition.

c) Affordable Housing

The review found that the Public Housing and Rent Supplement programs were the most effective in providing affordable housing since all households pay RGI.

3. Social Housing Priorities

a) Equity

The review found that horizontal equity was not achieved as only 2% of the households in core need were receiving assistance under the social housing programs. More households could be served if the mix of program units was more effective.

b) Most in Need

The review found that 56% of the households in Public Housing units and 72% of the households receiving Rent Supplement assistance were below Statistic Canada's low income cutoffs.

c) Special Groups

The review found that elderly households received the highest priority relative to their level of core need. Unattached women and female-led single parent households were served in proportion to their level of core need.

4. Other Impacts and Effects

a) Social Impacts

The review found that the social well-being of the recipients seemed to be positively influenced although the associated benefits were not measurable. Occupants were generally satisfied with their accommodation and environment although living in a project had no effect for most on quality of life factors. Non-profit and coop occupants showed a higher level of participation in project meeting and management while rent supplement tenants were somewhat less positive in their responses.

b) Housing and Employment

The review found that social housing programs made an important contribution to the rental housing and special accommodation stocks. It also found that the programs operated in a way consistent with rental market conditions and provided significant construction employment opportunities but were probably less effective than homeownership programs in generating immediate employment effects.

5. Cost-Effectiveness

The review found that the cost per unit was lowest for each assumption (10%, 14% and 18% interest rates) under the section 56.1 program. The findings varied considerably when cost per RGI unit was considered. The Public Housing program then showed the lowest cost per RGI unit except under the 18% interest rate assumption when it placed second to the rent supplement program. The review also pointed out that only under the Public Housing Program would the equity build-up accrue to the Federal and Provincial governments at the end of the 35 year amortization period.

CONCLUSION

The major conclusion of the Social Housing Review was that the Rent Supplement program, followed by the Public Housing program, most effectively assisted those with insufficient income to gain access to adequate housing. On the other hand, the review found that the section 56.1 projects were likely to generate greater social benefits than the Rent Supplement or Public Housing programs.

These findings suggested that the performance of the social housing programs had to be considered in terms of trade-offs between meeting the social housing objective in a cost-effective manner and generating other benefits; the Public Housing program occupied the middle-ground between the Rent Supplement and the Section 56.1 programs in this regard. Finally the review concluded that the most severe limitation of the present mix of social housing programs was the level of annual unit allocation.

PATTERNS OF SUPPORT: The Use of Support Services Among Senior Citizen Public Housing Tenants in Ontario. Social Data Research Ltd., Hamilton, Ontario, Prepared for The Ministry of Housing, Toronto, Ontario, September, 1986.

CONTEXT

This study on the use of support services among senior citizen public housing tenants was the first of its kind among public housing tenants in Ontario. The purpose of the study was to identify the extent to which senior citizens in public housing have difficulties with the activities of daily living and the kinds of supports they use, whether informal assistance from family, friends and neighbours and/or formal services from community agencies.

There were two main reasons why this study was undertaken. The first reason was that the substantial growth in the numbers and percentages of senior citizens as well as the increase in life expectancy is having a profound effect on Ontario's demographic composition. The second reason was that there was mounting evidence that seniors prefer to remain in their own homes for as long as possible.

Given this preference on the part of seniors, and their increasing numbers, the overall demand for support services is expected to increase. There was also concern that today's public housing, which was built for self-reliant senior citizens, will become tomorrow's residence for the frail.

STUDY APPROACH

The study included a two-phased survey of agencies servicing the housing projects as well as a survey of senior citizen (60+) tenants. The agency survey was a mail survey with the following objectives:

1. To describe the neighbourhoods where housing projects are located.
2. To describe the service providers' perceptions of the tenants' problems.
3. To describe the service providers' perceptions of the services available to the tenants.
4. To describe why some tenants do not use the available services.

5. To describe the service providers' perceptions of their role in the housing projects.

On the other hand, the senior citizen public housing tenants survey involved a face-to-face interview and had the following objectives:

1. To describe senior citizen public housing tenants with respect to their background characteristics, health status and social networks.
2. To describe the difficulties with the activities of daily living reported by senior citizen public housing tenants.
3. To describe the type of, frequency and arrangement for assistance received by senior citizen public housing tenants who are experiencing difficulties with the activities of daily living.
4. To describe the sources of assistance used by public housing tenants experiencing difficulties with the activities of daily living and the differences in the sources of assistance provided.
5. To describe the extent to which senior citizen public housing tenants who are experiencing difficulties with the activities of daily living are receiving the help they indicate they need.
6. To compare the senior citizen public housing tenants with the respondents from the United Senior Citizens of Ontario.

This last objective refers to a 1981 province-wide study conducted by the United Senior Citizens of Ontario (USCO) on elderly persons residing outside of institutional settings. The underpinning assumption for the study was that as individuals age, their requirement for assistance tends to increase. The study concentrates specifically on the tenant groups experiencing difficulties with the activities of daily living and the use (or lack of use) of support services.

DATA SOURCES

The first step in the design of the agency survey was to compile an exhaustive list of agencies and organizations from various community services directories. Community relations workers with the projects from which the tenants were sampled were also included on that list.

The agency survey was completed in two phases. In the first phase the service providers from the compiled list were sent questionnaires. This questionnaire included questions on projects and senior citizen tenants, and also asked to list agencies, organizations and individuals which it was felt were the main service providers to seniors in the sample.

In the second phase, these agencies, organizations or individuals

listed in the phase one questionnaires were sent questionnaires themselves. In total, 173 service providers were contacted with a response rate of 72.8%, while 604 questionnaires were mailed; 37.1% of these were returned and 25.3% were answered with information on projects for seniors.

The tenant survey used a three-stage random range selection sampling procedure. A first sample of municipalities was drawn from data files of the Ontario Housing Corporation. A sample of housing projects was then drawn from this first sample, and finally a sample of tenants was drawn from the sample of projects. Overall, the tenant survey had a response rate of 80.4%. It should be noted that because OHC is only one of many suppliers of public housing in Metropolitan Toronto, the patterns of support for families in Toronto may not be an accurate reflection of the situation of all families in Metropolitan Toronto.

FINDINGS

A selection of the study's findings is presented below:

Agency Survey Findings

- Most projects were accessible either by walking or public transit to facilities such as the corner store, restaurants, parks, drug stores, banks, shopping centres, churches and doctors' offices.
- Many seniors in public housing have no major problems, however, of those who do, the major concerns are isolation, inadequate incomes, poor physical health, not getting adequate meals, fear of crime, housekeeping problems and transportation problems.
- Almost all seniors in public housing have access to services such as the public health nurse, Meals on Wheels and homemaking, however, other services such as vision, hearing and dental clinics, laundry and other meal services are available in less than half of the housing projects.
- "Lack of information", "client unawareness", as well as the clients' "lack of recognition of their needs" and "lack of motivation" are the main reasons why seniors in public housing do not use the services they need.
- In about half of the housing projects, service providers reported that they never met with the housing project staff regarding their service delivery and in many instances they did not know what the role of the housing project staff was.
- A sizeable proportion of the respondents in the Agency survey said that they only hear about tenants' problems

when a crisis arises and most felt that an on-site multi-service facility in public housing projects would aid or improve service delivery.

Tenant Survey Findings

- Most senior respondents were women, living alone, born in Canada or in the United Kingdom and whose principal source of income was government income security payments such as the old age security.
- Two-thirds of all support received was provided by informal sources (children, other family, friends or neighbours) and one-third was provided by formal sources (community agencies, hired services, church, club or organization, etc.).
- The type of support received for those having difficulties varied significantly by a number of background characteristics.
- Most respondents having difficulties reported receiving both "enough help" and "the right kind of help".

When the results from this study were compared to those of the 1981 "United Senior Citizens of Ontario" (USCO) study which surveyed the broad population of seniors in Ontario, a number of differences were found. Primarily:

- Seniors in the public housing sample were older, more likely to be female and to live alone than the USCO sample respondents.
- Seniors in the public housing sample had less education and a smaller monthly income.
- Seniors in the public housing sample were more likely to report difficulties with the activities of daily living, particularly in relation to bathing and preparing regular meals, banking and preparing bills, heavy cleaning and grocery shopping.
- Seniors in the public housing sample were more likely to use the assistance of formal services than respondents from the USCO study, particularly visiting nurses, homemakers, home care, meal services and friendly visiting.

PATTERNS OF SUPPORT: The Use of Support Services Among Family Public Housing Tenants in Ontario. Social Data Research Ltd., Hamilton, Ontario, Prepared for The Ministry of Housing, Toronto Ontario, January 1987.

CONTEXT

This study on the use of support services among family public housing tenants was a spinoff of a similar study for senior citizen public housing tenants. The purpose of the study was to identify the kinds of support services family public housing tenants use, whether informal assistance from family, friends and neighbours and/or formal services from community agencies.

There were two main reasons why the study was undertaken. The first reason was a growing concern about the problems faced by many families in public housing. The second reason was to follow-up on a recent report on the use of Family Support Services by the Ontario Ministry of Community and Social Services. The report lacked the necessary data to evaluate whether there is or not an increasing level of dependence by family tenants on community services. This new study was therefore intended to provide some indications of the living situation of family public housing residents in Ontario.

STUDY APPROACH

The study included a two-phased survey of agencies servicing the housing projects as well as a survey of family public housing tenants. The agency survey was a mail survey with the following objectives:

1. To describe the neighbourhood where housing projects are located.
2. To describe the service providers' perceptions of the tenants' problems.
3. To describe the service providers' perceptions of the services available to the tenants.
4. To describe why some of the tenants do not use the available services.
5. To describe the service providers' perceptions of their role in the housing projects.

On the one hand, the family public housing tenants survey involved a face-to-face structured interview and had the following objectives:

1. To describe family public housing tenants with respect to their background characteristics, health status, tenant problems and social networks.

2. To describe the difficulties with the activities of daily living reported by family public housing tenants.
3. To describe the type of, frequency and arrangement for assistance received by family public housing tenants with the activities of daily living.
4. To describe the sources of assistance used by family public housing tenants with the activities of daily living.
5. To describe the factors which relate to the receipt of informal and formal sources of assistance.
6. To describe the extent to which family public housing tenants are receiving help with the activities of daily living that they indicate they need.

Overall, the study concentrated specifically on the tenant groups experiencing difficulties with activities of daily living and the use (or lack of use) of support services.

DATA SOURCES

The first step in the design of the agency survey was to compile an exhaustive list of agencies and organizations from various community service directories. Community relations workers with the projects from which the tenants were sampled were also included in that list.

The agency survey was completed in two phases. In the first phase, the service providers from the compiled list were sent questionnaires. These questionnaires included questions on projects and family tenants, and also asked to list agencies, organizations and individuals which they felt were the main service providers to families in the sample.

In the second phase, these agencies, organizations or individuals listed in the phase one questionnaires were sent questionnaires themselves. In total, 137 service providers were contacted with a response rate of 72.8%, while 604 questionnaires were mailed; 37.1% of these were returned and 21% were answered with information on projects for families.

The Tenant survey used a three-stage random range selection sampling procedure. A first sample of municipalities was drawn from data files of the Ontario Housing Corporation. A sample of housing projects was then drawn from this first sample, and finally a sample of tenants was drawn from the sample of projects. Overall, the tenant survey had a response rate of 83.2%. It should be noted that because OHC is only one of many suppliers of public housing in Metro Toronto, the patterns of support for families in Toronto may not be an accurate reflection of the situation of all families in public housing in Metropolitan Toronto.

FINDINGS

A selection of the study's findings is presented below:

Agency Survey Findings

- Most projects were accessible either by walking or public transit to facilities such as the corner store, play areas for children, restaurants, a junior school, a drug store and parks. However, the majority of facilities listed were not within easy walking distance. Least accessible were facilities like "hospital emergency centres" and "community centres".
- Some families in public housing have no major problems, however, of those who do, the major concerns are lack of employment and skills, inadequate incomes, and no motivation to work.
- Almost all families in public housing have access to services such as the public health nurse, the police, Children's Aid, family benefit workers, educational upgrading and family counselling.
- "Lack of information", "client unawareness", as well as the clients' "lack of recognition of their needs" and "lack of motivation" are the main reasons why families in public housing do not use the services they need.
- In the majority of cases, families in assisted housing do not use the services listed more than the community at large. The exceptions were "family benefits workers", "Children's Aid Society", "the policy", and "housing project staff".
- Other family and neighbours were an important source of help, and in at least half of the cases were provided "a great deal" or "a fair amount" of help.
- In about half of the housing projects, service providers reported that they never met with the housing project staff regarding their service delivery and in many instances they did not know what the role of the housing project staff was.
- Over one-third of the respondents in the Agency survey said that they only hear about tenants' problems when a crisis arises and most felt that an on-site multi-service facility in public housing projects would aid or improve service delivery.

Tenant Survey Findings

- The principal source of income was government income security payments such as family benefits or welfare.
- Over two-thirds of the respondents headed single parent families.
- The most prevalent problems were with the budget, depression, tension or disagreement with family or friends, problems with health, and accidental injury to themselves or someone else.
- Two-thirds of all support received was provided by informal sources (children living elsewhere, other family, friends or neighbours) and one-third was provided by formal sources (community agencies, hired services, church, club or organization).
- Most respondents receiving assistance reported receiving both "enough help" and the "right kind of help".
- The receipt of assistance -- whether informal or formal -- was not related to the respondents' background characteristics.
- The receipt of assistance with activities of daily living varied by municipality.

ENGLISH HOUSING CONDITION SURVEY - 1981, 1986. Department of Environment.

CONTEXT

The English House Condition Survey is carried out by the Department of the Environment as part of a five-year cycle of surveys to collect the information needed to help monitor the effectiveness of current housing policies and to aid in the formulation of future policies. Recent house condition surveys took place in 1981 and 1986.

STUDY APPROACH

The House Condition Survey is carried out in three stages: a physical survey of the dwellings, a questionnaire survey and a local authority postal survey. The purpose of the second stage questionnaire survey is to collect information about the characteristics, circumstances and resources of the occupants of dwellings in poor condition. Finally, the third stage of the survey involves a mail questionnaire asking local authorities to record whether the sampled dwellings in their area had been the subject of any completed, current or proposed action in pursuance of their housing duties. The remainder of this review deals exclusively with phase 1 of the 1981 and 1986 English House Condition Survey.

The three main indicators of housing condition used were: the lack of amenities, unfitness of dwellings and the incidence of disrepair.

DATA SOURCES

The survey used an age-stratified sampling procedure with a total of 9 077 rateable units in the 285 local authorities included in the sample. The sample included all pre-1945 dwellings that had been in the 1971 survey (3 338) together with all pre-1945 dwellings in the 1976 survey (4 760) plus a sample of 979 rateable units which had been built in the post-war period and had been first inspected in 1976.

This sample construction enabled changes in the condition of individual dwellings to be monitored as well as a measure of current condition to be taken. The age stratification also permitted emphasis to be placed on the oldest properties and hence on those in the worst condition. Adjustments were made to allow for new dwellings completed after the original sample had been selected. It was assumed that these units would not require more than minimal repair and the information on other characteristics of new housing was derived from other sources. Finally, it should be noted that the sample of local authority dwellings for the 1986 survey was six times larger than in 1981.

FINDINGS

Findings are only available at this point for the 1981 survey. Some of the major findings are:

1. In 1981, 57% of the housing stock was owner-occupied, 28% was owned by local authorities and 12% were private rental or of other types of tenure.

2. Depending on the repair cost threshold used (£7000 or £2500, 1981 Can \$16 075 or \$5 740 *) the number of dwellings in poor condition ranged from 2 to 4.3 million units.

3. Defects were heavily concentrated in the pre-1919 stock with part of the inter-war stock also at risk.

4. The incidence of high repair costs was highest for private rental accommodation at 16%, followed by owner-occupation at 5% and finally local authority ownership at 1%. In an age by age comparison, the incidence of high repair costs is slightly higher for local authority ownership than for owner-occupation.

5. Between 1971 and 1981, the number of dwellings that were unfit or lacking one amenity or more declined while the number of dwellings with high repair costs (greater or equal to 7 000L in 1981L, 16075 in 1981 Can \$ *) increased.

* Amounts in British Pounds were converted to Canadian Dollars according to the December 1981 exchange rate.

AN INQUIRY INTO THE CONDITION OF THE LOCAL AUTHORITY HOUSING STOCK IN ENGLAND: 1985. Department of Environment, November 1985.

CONTEXT

In 1985, the Department of the Environment undertook an inquiry into the condition of the public sector (local authority) housing stock. This study of the public housing stock was separate from the English House Condition Survey which includes both public and private dwellings and is run on a five year cycle, the last survey having taken place in 1986.

STUDY APPROACH

The 1985 inquiry assembled individual authorities' reports of the perceived capital expenditures required for the renovation of their respective stocks. The local authorities were asked to report the housing stock they owned, in terms of its age and the way it was distributed by building type, and whether it was of traditional or non-traditional construction.

They were also asked to report their perception of the work, if any, required at April 1985 to renovate each class of property, their estimates for the required expenditures, what expenditures were planned for 1985/86 and what expenditures were proposed for 1986/87 in each case. The results of the inquiry therefore reflect the need for renovation of the local authority stock to the extent that it was apparent to local authorities at the time of the survey.

DATA SOURCES

Overall, a total of 367 forms were sent to local authorities; 94% of these forms were completed while 85% were technically suitable to form the data base for the report. The Local Authorities' understanding of the condition of their housing stock and the need for renovation was limited. Some information was available for 80% of the stock owned by the authorities which responded and 68% of the council housing stock as a whole.

The information provided by the authorities had to be adjusted to produce estimates of the amount of work required on the total council housing stock in England. These adjustments include:

1. Where authorities identified the work required but did not provide an estimate of costs, an average of costs for the same type of work and dwelling provided by the other authorities was imputed.
2. Where authorities were unable to provide any information on whether a particular group or type of dwellings required renovation, it was assumed that the probability of these

dwellings requiring renovation and the average cost of the work would be the same for dwellings of the same type and age for which other authorities provided information.

3. Where authorities did not respond to the survey, to impute an estimate of the work required for the renovation of their stock based on separate records of the number of properties they owned was imputed.

A separate review was commissioned from a firm of independent private sector surveyors to scrutinize the forms submitted by six representative authorities and, with the cooperation of the authorities concerned, to appraise the quality of the information forming the basis of the submitted estimates and to consider the soundness and reasonableness of the estimates made.

The separate review concluded that the authorities' figures were soundly based, that on the basis of a common standard some authorities underestimated while others overestimated the extent of the works required; and that estimates of the expenditure required varied depending on the authority's perception of the nature of the problem to be tackled, and the appropriate solution.

FINDINGS

The inquiry of local authorities produced statistics on the make-up of the local authority stock, and the type and cost of renovation work reported as needed. The total stock owned by local authorities was reported at more than 4.5 million units along with a breakdown by type and age of dwellings. The estimated total cost of renovation needed of L18 844 million, 1985 Can \$37 918 million *, was broken down by main categories of work, age and type of units. Finally, present and planned expenditures were presented by age of the units and by categories of work.

Further to the 1985 inquiry, a more in-depth survey of a sample of local authority stock will be undertaken in 1987 in order to build estimates of the costs of maintenance and renovation. The project specifications for this survey are attached.

* Amount in British Pounds was converted according to the December 1985 exchange rate.

SCHEDULE 1 - PROGRAMME OF RESEARCH

APPRAISAL OF LOCAL AUTHORITY HOUSING PROJECT SPECIFICATION

BACKGROUND

1. The main aim of this contract is to enable the Department to arrive at a better understanding of the nature, quality and condition of the local authority housing stock and the need for expenditure on its repair, improvement and upkeep.
2. The primary objectives are to develop methods which will allow the stock to be systematically described and the cost of alternative strategies for its upkeep to be estimated; and to provide the data required to make these estimates.
3. The work will be carried out in two main stages, consisting of:
 - i) the development of the methodology, including methods of survey, the development of the necessary cost data bases and modelling techniques; and
 - ii) the assembly of data, including the physical survey of a sample of local authority properties.
4. The Department will expect to be closely involved in all stages of the work.
5. The sample of dwellings for the survey, which consists of 2010 dwellings spread across 20 local authorities, is in the process of being drawn by the Department, and the Department will retain responsibility for this work.

STAGE 1: DEVELOPMENT

6. The Department has already developed an approach and it will be the responsibility of the contractor to assess the material

already prepared, propose revisions, develop cost data bases and modelling techniques, carry out pilot surveys to test the new procedures and their effectiveness, and to prepare the method for use in a full scale survey.

7. In developing the methodology for the physical survey, the aim should be to arrive at a descriptive set of data which will allow the maximum flexibility in cost modelling and reduce surveyor variability to the minimum. It is seen as particularly important to make full use of any existing data which may be available from the local authorities in the sample in order to add to the accuracy of the survey and the Department's understanding of the character of the stock and its problems.

8. The development of the methodology will also need to take into account the problem of surveying non-traditional and multi-storey blocks, which may call for specialist investigation and possibly involve the taking of samples and inspection of hidden structural elements.

9. Cost modelling techniques should allow for the analysis of alternative investment strategies, including repair and maintenance options, replacement, adaptation, modernisation and improvement.

10. Agreement to proceed with stage 2 will depend on the satisfactory completion of work undertaken in stage 1, and this will partly be assessed on the basis of reports prepared by the contractor. These reports should cover all aspects of the development and preparation for fieldwork, including the:

- ° review of alternative approaches
- ° further development of the method, particularly for non-traditional dwellings
- ° development of the cost data base
- ° development of the cost model
- ° proposals for piloting the method
- ° reports on the results of the pilot surveys, including timetabling and budgetary implications

- ° proposals for managing the survey in the field, including briefing and training, the deployment of specialists, monitoring and checking procedures
- ° proposals for checking and processing field data

11. The deadline for the completion of stage 1 is 31 July 1987.

STAGE 2: FIELDWORK

12. The fieldwork stage will involve bringing together the necessary building surveying, quantity surveying, specialist, research, management and other skills; liaising with and consulting local authorities to gather existing data; carrying out the physical survey; and processing the raw data in readiness for analysis by the Department.

13. The contractor will also be responsible during stage 2 for providing the data for cost modelling.

14. The final products of stage 2 will be sets of clean data from the physical and local authority surveys in computer readable form to the Department's specification, a set of cost data for use in analysis and cost modelling and a report covering the conduct of the survey in the field and data processing procedures.

15. The deadline for the completion of stage 2 is 31 December 1987.

16. The task of analysing the data collected will rest with the Department, but, on the satisfactory completion of stage 2, the services of the contractor will be retained for the period up till the end of the contract in order to provide continuing advice as requested.

**STUDY OF THE MODERNIZATION NEEDS OF THE PUBLIC AND INDIAN
HOUSING STOCK.** Abt Associates, Cambridge, MA, March 1987.

CONTEXT

The U.S. Public Housing Program is the nation's oldest and most visible program for sheltering the poor, housing about three and a half million people in nearly 1.3 million rental units. HUD provides Public Housing Authorities (PHA's) with operating subsidies equal to the difference between affordable rents and operating expenses. Rental incomes and operating subsidies have not been adequate to fund major repairs, system replacements, or the correction of major design deficiencies. As a result, some projects have deteriorated over time, endangering the health, safety, and well-being of the residents.

In 1968, the Modernization Program was put in place to fund selected capital improvements. The program was replaced in 1981 by the Comprehensive Improvement Assistance Program (CIAP) which provided a comprehensive approach to both physical and management deficiencies in existing public housing projects.

Despite considerable funding for both these programs, there is evidence of significant unmet need for renovation of many public housing projects. Estimates of the level of unmet need are substantial, but not well-defined. A review of public housing modernization need was completed in 1980 by Perkin & Will and the Ehrenkrantz Group. The review sent inspectors to over 300 public housing projects and estimated total modernization costs to be \$14.3 billion in 1980 Canadian dollars.

This total estimate was, however, open to interpretation because of doubts over the statistical reliability and definitions of the estimates. Adding to the problem was that the data was not computerized or documented, making the analysis of the information impossible. The ambiguity of the 1980 review was therefore one of the reasons that the Abt study was mandated by Congress and funded by HUD. Other reasons included:

- To assess the current needs of the stock, considering the changes in the stock and the billions of expenditures made since the last review in 1979.
- What is the rate of physical depreciation, what amount of funding is necessary, and how are the needs distributed?
- What are the details of modernization needs, how reliable are the estimates and how do they vary under different assumptions?
- What are the needs of the public housing stock in areas that were not included in the last review?
- What is the most equitable way to distribute modernization funding to HUD Regional and Field Offices?

STUDY APPROACH

This modernization study is the most complex research and cost estimation project ever funded by HUD. New methods of measuring and costing modernization needs were developed and the full scale study involved data collection at more than 1 000 housing developments.

The report presents nation-wide estimates for each of seven types of modernization. These categories are:

1. FIX costs. The costs of capital repairs and replacements in the nation's 11 000 public housing projects. FIX action repairs or replaces existing architectural, mechanical and electrical systems.
2. ADDs costs. The costs of additions and upgrades selected by PHS's from a list of over 150 such actions that might be needed at a particular project to meet specific standards or to enhance long-term viability.
3. Redesign. The costs of architectural configuration needed to improve projects with serious problems in order to make them viable in the long term.
4. Energy conservation. The cost of capital improvements necessary to reduce energy consumption in public housing projects.
5. Accessibility for the Handicapped. The costs of retrofitting public housing units and common places to make them accessible to handicapped people.
6. Indian Housing Program. The costs of modernization of the nation's Indian Housing stock. The estimates include FIX, ADDs and energy conservation needs.
7. Lead-based paint abatement. The costs of implementing HUD regulations that require the abatement of lead-based paint hazards in public housing.

The various types of modernization needs described above could be attributed to three basic elements of a development, the units, the buildings or the sites. In other words, modernization needs could be to FIX, ADD, or REDESIGN dwelling units, buildings or sites.

A systems approach was utilized for all the inspections and costing procedures. A capital budgeting approach to cost estimation, based on a set of 101 architectural, mechanical and electrical systems and an "action level" for each system, was the basis for the inspection and costing procedures.

Inspection teams, consisting of an architect and engineer,

reviewed the ADDs Form and other self-administered forms completed by the PHA staff. At each sampled project, they also performed detailed inspections of the architectural, mechanical and electrical components of the sites and sampled buildings and sites. Beyond the actual inspections, the inspectors provided a "second opinion" concerning the PHA's estimates of needs for additions and upgrades. These "second opinions" were used to further calibrate the estimates from the PHA's.

DATA SOURCES

The first step in the data collection process was the undertaking of a preliminary survey of modernization needs. This survey was important as no data base with up-to-date information existed and one was required in order to design an efficient sample that was representative of the developments' modernization needs. In all, 954 of the nation's 3 000 PHA 's received a Modernization Needs Data Form.

The preliminary survey created an updated sample frame for the full scale study. At the same time, it provide modernization needs data (PHA's estimates) used to stratify the full sample, and offered HUD an opportunity to update its own public housing data base.

The overall sample design is quite complicated and is best described as a "multi-stage cluster sample" with the goal of obtaining individual modernization estimates for each field office. It includes a large "main" sample of 1 000 developments where FIX and ADDs were obtained , and special subsamples for the study of energy conservation, redesign and CIAP. Furthermore, separate sampling plans were utilized for Indian Housing and lead-based paint.

The inspections included all 1 000 development sites, plus a sample of buildings and units within those buildings. The sample design and size provided efficient direct estimates for FIX and ADD costs at the national, HUD regional, and individual field office level. Direct estimates were also provided at the national level for Energy, Redesign, and Indian Housing. Geographical distribution of these costs were to be allocated according to a special procedure still to be developed. Lead abatement costs had to be allocated for all geographical levels.

FINDINGS

Estimates of the modernization costs for capital needs only (normal maintenance and repairs excluded) were the following:

1. Modernization needs for FIX were Can \$12 620 million with a 95% confidence interval of Can \$1108 million.
2. Modernization needs for ADDs were classified into 11 types of ADDs according to the inspector's second opinion (ISO) rating,

the PHA's reason for requesting the ADD, and the nature of the ADD. Estimates were as follow:

Cost Category	Estimate (Can \$ millions)	95% Confidence Interval (Can \$ millions)
A. Categories with High ISO Ratings		
1. Mandatory	1 118.3	318.4
2. Handicapped Access. **	32.8	--
3. Project Specific	4 491.7	554.7
4. Energy Conservation *	1 362.4	202.4
B. Categories with Lower ISO Ratings		
5. Mandatory	897.2	845.3
6. Handicapped Access. **	48.0	--
7. Project Specific	3 831.7	1 186.6
8. Energy Conservation *	403.1	111.2
C. Other Categories		
9. No ISO	563.6	845.3
10. Other (not in ADDs catalog)	7.4	6.8
11. Currently Prohibited by HUD	112.8	78.7

* Energy conservation ADDs overlap the findings of the energy conservation survey.

** The 95% Confidence Interval for the total Handicapped accessibility estimate is Can \$44.2 million.

3. Relatively few public housing developments were in need of substantial structural change to ensure continued viability. It was estimated that PHA's would like work done at 833 projects containing 160 000 units at an estimated cost of \$2 738 million with a 95% confidence interval of \$159 million.

It should be noted that the Redesign estimate does not include net ADD actions and that therefore accurate estimates of net ADD's cannot be obtained.

4. Energy conservation improvements were estimated to cost \$1 246 million with a 95% confidence interval of \$79 million (These improvements had to be cost effective using a 15 year single payback period). These improvements were estimated to generate \$280 million in savings per year for an average payback period of 4.5 years.

5. Modernization needs for accessibility for the handicapped were estimated to cost \$303 million with a 95% confidence interval of \$78 million.

6. Modernization needs cost estimates for the Indian Housing Stock were as follow:

Cost Category	Estimate (Can \$ millions)	95% Confidence Interval (Can \$ million)
A. Rental FIX costs	214	56
Homeowner FIX costs	296	220
B. Rental ADDs		
- Mandatory ADDs	65	68
- Project Specific ADDs	312	77
- Energy Conservation ADDs	76	48

7. Costs for lead-based paint abatement were estimated at \$592 million. Costs were estimated based on HUD regulations which require abatement when the lead level in the defective paint or chewable surfaces exceeds 1.0 mg/cm2.

PUBLIC HOUSING AUTHORITY EXPERIENCE WITH PRIVATE MANAGEMENT: A COMPARATIVE STUDY, The Granville Corporation, prepared for the U.S. Department of Housing and Urban Development, Office of Policy Development and Research, Washington, DC, May 1983.

CONTEXT

Many methods have been tried to control the costs of management and operations of public housing while maintaining service quality. One alternative is the contracting out of public housing delivery to private for-profit firms. At the time of the study, less than 1% of the U.S. 3000 Public Housing Authorities (PHA) had attempted private "contract management".

This study evaluates the private contract management alternative and compares both the operating performance and the costs of contract management and of conventional public management of comparable public housing units.

STUDY APPROACH

The study had two main objectives:

- "To examine the direction and extent of differences in cost and performance between the contract sites and comparable conventionally managed sites."
- "To synthesize the contract management experiences of PHAs and document them in a format useful to practitioners."

A third sub-objective was to develop a methodology for examining the relative costs and benefits of contracting out other housing functions within PHAs.

The treatment group was composed of 19 PHAs chosen from a set of 23 which had been identified as using or having had used private management. The treatment group was also divided into two sub-groups of entire rural PHAs and individual urban projects.

A quasi-experimental design was constructed using two matched non-equivalent comparison or "control" groups. Given that no two projects or PHAs are exactly alike, the study established that the treatment sites as a whole did not systematically differ from the control sites in a manner that would invalidate the treatment/control performance comparison.

Six basic contract formats were encountered (2 rural, 4 urban). Rural contracts were inherently more comprehensive in scope than urban contracts since they covered the management of the entire PHA. Urban contracts, on the other hand, outlined quite divergent sets of responsibilities as urban PHAs limited or defined areas in which contractors could exercise discretion more so than rural PHAs.

The study design permitted three separate avenues of analysis:

- 1) Comparisons of costs and performance between treatment PHAs and projects and control PHAs and projects.
- 2) Comparisons of costs and performance between PHAs and projects.
- 3) Determinations of whether treatment had differential effects on PHAs vs projects, i.e., whether treatment affected PHAs significantly more (or less) than it affected projects.

The study defined cost as the total operating cost of a project or PHA for two reasons. First, this "bottom line" approach recognized that the cost of management is best measured by the financial performance of the functions managed rather than the isolated expenses related to management itself. Second, the total cost of operations was a more relevant measure than the fee paid to the contractor, especially when the array of contracted services vary between study sites.

The assessment of performance included both quantitative and qualitative performance measures. Quantitative measures addressed three dimensions of management performance: maintenance management, occupancy and revenue generation, and activities pursuant to the social purposes of public housing. A total of 29 performance indicators were used to measure these three dimensions of housing management (see attached Exhibits 1 and 2). Finally, information was collected on a total of 32 explanatory variables that might influence management performance (see attached Exhibit 3).

Qualitative performance measurements included the visual assessment of the general conditions of site buildings, grounds and surrounding neighbourhoods. Also included were interviews with the Chairmen of the Board, Executive Directors, PHA Contract Officers/Monitors (for urban sites), Contracting Firm Officers, Project Managers and tenants. Finally, informal interviews were conducted with HUD field staff if present and available at the time of the visit.

DATA SOURCES

Two separate visits were made to each site; first, a reconnaissance visit after which the data collection instruments were finalized, and, second, a data collection visit. Four different methods of data collection were used:

- Interviews
- PHA and contractor files in the key substantive areas of financial records, maintenance work orders, legal records, and rent rolls.

- Observation data
- Environmental data describing the communities in which the study projects were located was gathered from city departments and regional planning agencies.

FINDINGS

The study made the following findings:

- Contract and conventional management were approximately equal in cost and performance at the rural sites of the study.
- The urban elderly projects under contract management in the study were \$21 and \$27.87 per unit per month more expensive to operate than comparable projects under conventional management, although performance at the contract and conventional sites was largely equivalent. The \$21 and \$27.87 difference was split somewhat equally between higher administrative expenses, caused mainly by the management fee, higher maintenance and operations expenses, and higher expenses of other types including protective services and tenant relations.
- Expenses at urban family sites managed by contractors in the study were not significantly different from expenses at comparable sites under conventional management.
- Tenant relations and performance on maintenance and operations functions were equivalent for the two types of management in urban family sites.
- Urban family sites with contract managers had 12 percent higher rent delinquencies and roughly twice the incidence of crime and social problems as comparable sites with conventional managers.

CONCLUSIONS

The study report reached the following conclusions:

- Rural PHAs could probably contract for private management at a cost comparable to public management and achieve comparable performance. Rent delinquency would, however, deserve particular attention in the monitoring process and regular competitive bidding may be required to maintain private management that is more cost-effective than public management.
- It is extremely unlikely to be cost-effective to contract with private firms to manage urban elderly projects if the agreements are structured in a similar manner to those included within the study.
- Finally, while private management may be implemented in a cost-effective manner at urban family projects, special procedures and enhanced performance monitoring probably would be

required to ensure performance equivalent to conventionally managed sites, especially with regard to the level of rental

Exhibit 1: LIST OF PERFORMANCE INDICATORS

Total Staff

Maintenance Staff

Number Work Orders

Emergency Work Orders

Emergency Response Time (hours)

Non-Emergency Response Time (hours)

Total Evictions (per year -- initiated/completed)

Rent Related Evictions

Renters Paying 1st-5th

Renters Paying 1st-10th

Renters Paying 1st-15th

Renters Not Paying - EOM

Amount of Rent Delinquency EOM

Average Vacancies (monthly)

Average Move-ins

Average Move-outs

Visual Assessment (building, grounds)

Vacant Unit Prep Time (days)

Unit Preventive Maintenance (yes/no)

Unit Painting Cycle (years)

Public Space Cleaning Cycle (stairs, lobby, etc.)

Number of Abandoned Cars

Vandalism Cost (dollars)

Referrals to Social Service Agencies

Families Known to Manager

Maintenance Work Order Backlog (nos. and person/days)

Legal notices - Rent

Legal notices - Behavior

Cleaning Cycle Other Than Public Areas (days)

Exhibit 2: LIST OF COST AND PERFORMANCE VARIABLES

A. Cost Variables

1. Administrative salaries
2. Total Administrative expenses
3. Maintenance and operating expenses
4. Maintenance and operating expenses (labor)
5. Utilities
6. Employee benefit contributions
7. Total routine expenses
8. Total routine expenses less utilities and pilots
9. Annual provision for operating reserve
10. Percent of available operating reserve
11. Total staff per unit
12. Maintenance staff per unit

B. Rental and Occupancy

- 1-3 Tenants paying rent by time of month
4. Rent delinquent at end-of-month (%)
5. Tenants not paying by end-of-month (%)
6. Legal notices sent (rent related) per unit
7. Rent-related evictions per unit
8. Evictions per unit
9. Average move-ins
10. Average move-outs
11. Average vacancy rate
12. Delinquent income recertifications (%)

C. Maintenance and Goundskeeping

- 13. Number of workorders processed/unit
- 14. Number of backlogged workorders/unit
- 15. Emergency maintenance response time
- 16. Regular maintenance response time
- 17. Preventive maintenance performed (yes/no)
- 18-20. Cleaning cycles (common areas, public spaces, grounds)
- 21. Vacant unit preparation time
- 22-23. Visual assessments (buildings, grounds)
- 24. Unit paintaing cycle

E. Crime and Social Problems

- 25. Vandalism costs per unit
- 26. Abandoned cars per unit
- 27. Robberies and burglaries (site)

F. Tenant Relations

- 28. Percent of families known by manager
- 29. Referrals to social service agencies

Exhibit 3: LIST OF POSSIBLE EXPLANATORY VARIABLES

VARIABLE	DESCRIPTION
1	*Total number of units in the project/PHA
2	*Percent of low-rise units
3	*Percent of high-rise units
4	Percent of elderly units
5	Percent of family units
6	Whether projects of interest contain scattered sites
7	Estimates of MOD needs per unit
9 - 11	Bedroom distribution (percent 0/1, 2/3, 4+)
12	The last available PFS allowable expense level PUM, for PHA-level sites
13	Adult tenants per unit
14	Child Tenants per unit
15 - 19	Resident racial composition (percent white, black, Hispanic, Asian/Pacific Islander, American Indian)
20	Percent of AFDC households
21	Percent of single parent households
22	Average tenant income
23	PHA vacancy rate
24	Whether tenants are allowed to make repairs
25	Visual assessment of neighbourhood conditions
26	Robberies and burglaries per 1000 population -- neighbourhood
27	Robberies and burglaries per 1000 population -- jurisdiction
28	Unemployment rate-jurisdiction

29	Unemployment rate-neighbourhood
30	*Vacancy rate -- jurisdiction
31	Rental Vacancy rate -- jurisdiction
32	Vacancy rate -- Census Tract

ANNEX "C"

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DETAILED DESCRIPTION OF
PROGRAM DESIGN

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Program Evaluation Division

SECTION 40 FEDERAL/PROVINCIAL PROGRAM

PRODUCTION PHASE

General:

Section 40 was introduced in 1949 and continued in an active delivery capacity until December 1985. As noted in the Introduction to this report, the program is currently in the operating phase only. Section 40 permitted CMHC, pursuant to a series of federal/provincial master agreements, to undertake jointly with any province or territory, or its agency, the following three activities:

- (a) the acquisition and development of land for housing purposes;
- (b) the construction of housing projects or housing accommodation of the hostel/dormitory type for sale or rent; and
- (c) the acquisition, improvement and conversion of existing buildings for a housing project or for housing accommodation of the hostel or dormitory type.

Emphasis was to be placed on new construction in areas where the availability of rental accommodation was low while consideration was to be given to acquisition of existing units where vacancy rates were high.

Cost-Sharing Arrangements:

The federal/provincial master agreements stipulate that the Corporation's share of capital costs as well as operating costs (profits and losses) shall not exceed 75 per cent, with the remaining 25 per cent being the provincial/territorial share. Depending on provincial and territorial arrangements, municipalities in some areas were required to pay a portion of the provincial/territorial share. Provision was made so that the provinces and territories could provide additional equity from their own resources, over and above the normal 25 per cent, which brought the cost of a project above the maximum unit price (MUP). However, this additional equity was not eligible for subsidy sharing contributions.

Under Section 40, six provinces and territories did not require any municipal contribution: Newfoundland, New Brunswick, P.E.I., Ontario, B.C. and the Northwest Territories (in P.E.I., four projects committed in the late 1960's and early 1970's required a 12.5 per cent municipal contribution). In Nova Scotia, the municipal share varies between 10 per cent and 12.5 per cent. Only one project was committed in Quebec, in Montreal, and the City pays the full 25 per cent. The respective municipal shares in Manitoba, Saskatchewan and Alberta were 12.5 per cent, 5 per cent and 10 per cent. And finally, Whitehorse is the only municipality in the Yukon that cost shares, at 12.5 per cent.

Amortization Period:

In practice, the usual amortization period for new construction projects was 50 years, which was also the maximum amortization period permitted (from the date of project acquisition or completion). Amortization costs under Section 40 F/P could actually be for a period of not less than 20 years but no more than 50 years. In the case of acquisition, conversion and in some cases new projects, the amortization period was set at the useful life of the project as established by CMHC or the province, up to a maximum of 50 years. Reductions in the amortization period did not affect the subsidy period, which by agreement continues until the F/P partnership decides the subsidies will cease.

Cost Controls:

Properties acquired were not to exceed current market value, and for new construction projects the building cost estimate was to be reasonable. Commencing in the latter part of the 1970's, all project cost estimates had to be within the appropriate MUP's (Maximum Unit Prices), which were set at such levels as to ensure adherence to the "modest" criteria of the program. The MUP's could only be exceeded in situations which were cost-justified, but only up to the lower end of the revised appraisal value of the MUP in effect at the time of the original commitment. In order to confirm whether in fact costs were actually within the MUP, an audited statement of final capital costs was required within six months of a project's IAD (interest adjustment date). The use of competitive processes, such as public tenders and builders' proposals, were used in order to ensure that the best value was obtained for the public monies involved. Eligible costs included the furnishings in lounges and common rooms as well as the furnishings reasonably required in a hostel type project.

Design Guidelines:

Extensive design guidelines were put into place under the program. At the rather general level, CMHC's program delivery Guidelines and Procedures manual stipulated that "projects must be appropriately designed for the client and that the location must meet the needs of the client with necessary services available." Also, both new and existing projects were to be "adequate with respect to other privately-initiated projects in the community." In addition, the Public Housing Program fell under CMHC's broader Social Housing Program which meant that a series of standards became mandatory for new construction projects as a condition of federal assistance, including:

- Residential Standards, Canada;
- New Housing and Airport Noise, NHA 5185M;
- Road and Rail Noise: Effects on Housing, NHA 5156;
- Septic Tank Guidelines, NHA 5213;

- Site Planning Criteria, NHA 5214;
- Relevant Builder's Bulletins;
- Off Oil National Energy Program;
- Measures for Energy Conservation in New Buildings, NRCC 16574.

As for existing construction projects, reasonable conformity with the Minimum Property Standards for Existing Residential Buildings, NHA 5017, was required. Local or provincial/territorial requirements applied when they were more stringent than the CMHC requirements. There was a further set of technical guidelines for care facilities.

There is a provision for CMHC to approve the addition of on-site social and recreation facilities to public housing projects built prior to the implementation of the Site Planning Criteria. These requests are assessed on a project by project basis.

OPERATING PHASE

Tenant Selection / Integration:

CMHC's program delivery Guidelines and Procedures manual has several explicitly-stated priorities in addition to the program objectives. The first is that priority be given to those in greatest need. Second, four primary client groups are to be served: families with dependent children; senior citizens; handicapped persons; and individuals. No explicit priority is attached to the integration of projects into the surrounding neighbourhood. It is also stated in the program priorities that the Non-Profit Program priority as to the blending of tenant incomes is not to apply. At the same time, however, it is recognized that it may be desirable to achieve a certain degree of integration within a project. To this end, the following guidelines are provided:

- 60% of the units within a project will be allocated to those in greatest need from the lowest third of the income range within a market area;
- 35% to those in greatest need from above the lowest third to a level when 25% of income equates with current market rents for comparable accommodation; and
- 5% may be allocated to higher income families.

In order to ensure that priority is given to those in greatest need, and that the allocation procedure is equitable, a point rating system is used which takes into account both applicant's income as well as existing accommodation. Income limits, however, are not imposed for either initial or continued occupancy. The particular point rating system used varies by province and territory. The CMHC program delivery Guidelines and Procedures manual recommends that the selection of family and senior citizen households consider such factors as household income; ratio of present rent-to-income; physical condition and size of present accommodation; alternative accommodation available in the

community which is most economical; and location of present and proposed accommodation. Additional factors to be considered when assessing family households can include size of family and extent to which the needs of children, at different age levels, have been accommodated. Access to transportation and other essential services is also assessed when considering senior citizen households. For single persons, the assessment is to be based on the comparative need with families and seniors. Eligible physically and mentally handicapped persons must require accommodation not presently available in the community. For these persons, easy access to transportation, shopping and other essential services are to be important considerations.

Rent Levels:

In order to establish rentals which low income households can afford, a rent-geared-to-income (RGI) scale is used, except where tenants are receiving Social Assistance. With the intention that the scale be sufficiently flexible to meet local conditions, provision is made for a province or territory to use its own rental scale if it feels it is more appropriate. The only stipulation is that the Federal share of the subsidy be based on whichever scale produces the lowest subsidy. The Federal RGI scale is a graduated scale commencing at a rent of \$32 for a monthly income of \$192 and progressing to \$100 at an income of \$400. The percentage ranges from 16.7 per cent at the lower end of the scale and increases to 25 per cent at the upper end. All incomes in excess of \$400 are at 25 per cent. Tenants receiving Social Assistance are required to pay the greater of the shelter component of welfare or the rent required by the RGI scale.

Tenant income verification is the responsibility of the provinces and territories, as is ensuring that rents charged are in accordance with the rental scale in use. Program guidelines stipulate that tenant leases are to provide a maximum rent for a one-to-two year period. This provision is based on the rationale that tenants should be able to enjoy the security of a fixed rent over a reasonable period of time and, in so doing, permit them to improve their standard of living and look forward to obtaining housing on the open market. Further provision allows for an immediate rent reduction in cases where either a tenant's income has been reduced or a household has an additional child. In cases where the income reduction is due to temporary unemployment, the abatement is temporary and the lease rental reinstated upon resumption of normal work and income. In either event where a previously unemployed spouse obtains employment or there is a reduction in family size during a lease term, there is no upward adjustment in rent until the lease is renewed.

Project Management / Tenant Participation:

Property management guidelines set by CMHC are very general, allowing a wide degree of latitude on the part of project managers. One of the few stipulations in CMHC's program delivery

Guidelines and Procedures manual is that "Proposed property management must be acceptable." There is also a blanket stipulation that project administration fees cannot exceed six per cent of total expenses on a combined Section 40 and 43/44 portfolio basis. Administration fees can, however, exceed 6% on individual projects, so long as shortfalls on other projects balance the portfolio average out to no more than the six per cent maximum.

Day-to-day operations of projects are carried out by the Province, Territory, Municipality or Public Housing Agency, or their Agent (e.g. a Housing Authority). In the majority of cases, public housing project managers are employed by the Local Housing Authorities. In some instances though, projects are managed directly by the Provincial Housing Agencies. CMHC shares the costs of formal training courses in property management for project managers on the grounds that continued improvement of their knowledge and skills in project management will benefit the projects through more efficiency and economy of operation.

Six provinces have Housing Authorities set up to manage projects: Nova Scotia, New Brunswick, Ontario, Manitoba, Saskatchewan and Alberta. Instead of Housing Authorities, Quebec has Housing Bureaux. In P.E.I., family projects are managed by Housing Authorities while seniors projects are managed directly by the Province. Newfoundland and B.C. do not have Housing Authorities. The management function in B.C. is performed by the B.C. Housing Management Commission. The Yukon manages its projects directly while the Northwest Territories manages some projects directly and some are managed by Housing Associations.

CMHC's program delivery Guidelines and Procedures manual recommends that ways and means of involving tenants in the project management function be investigated in conjunction with the provinces and territories in order to obtain increased commitment and stake in projects and to improve the general quality and social environment of projects. Specifically, the forming of tenant associations is to be encouraged and to this end operating grants are available to tenant associations. A tenant association may represent one or more projects.

Maintenance / Modernization & Improvement (M&I):

The day-to-day maintenance of public housing projects is also the responsibility of the Local Housing Authorities or their equivalent. This delegation of responsibility is evidenced by the absence of detailed maintenance guidelines and procedures from CMHC's program manuals. Rather, CMHC's Section 40 F/P administrative work routine sets down the broad standards that "projects should be maintained in keeping with the normal market standards for the area in which they are located" and "projects must be able to be maintained with ease and economy". Detailed maintenance procedures are stipulated in the Provincial/Territorial Operating Manuals.

Modernization and Improvement (M & I) expenditures have been grouped by CMHC as follows:

- (a) Replacements - The replacement of items which have a shorter life span than the building structure (e.g. stoves, refrigerators, roof membranes, carpets, etc.) with similar items.
- (b) Modernization - The difference in cost between replacing the original items in (a) at current costs and the cost of more modern items or systems.
- (c) Improvements - Structure changes which increase the value of the real estate either by increasing the present value or by extending the economic life.

Due to the differing characteristics of public housing projects (e.g. age, construction type, building form, etc.), there are no clear trends in the requirements for modernization and improvement expenditures. As a result, there have been no broad guidelines established to restrict total M&I expenditures to a given per cent increase annually (i.e. there have been no expenditure caps established by province by program). Instead, the provinces may carry out M&I work on individual projects as long as the proposed costs do not exceed the following criteria:

cost per project:	\$100,000
cost per unit:	\$1,000

When the above criteria are exceeded in a project, the provinces and territories must send to the local CMHC branch a detailed list of proposed M&I work and expenditures. An inspection is subsequently arranged for each project in order to recommend on the reasonableness of the proposed work and the associated cost estimates. Following the inspection, the CMHC branch submits a recommendation to National Office.

SECTIONS 43/44 REGULAR & 44 PROVINCIALY-FINANCED PROGRAMS

PRODUCTION PHASE

General:

Since CMHC treats the Section 43/44 Regular and Section 44 Provincially-Financed Programs as one program for administrative purposes -- the Section 44 Regular Program -- the two programs are discussed together. Section 43 was introduced in 1964 and major new activity under the program ceased in 1981. This section formed the production mechanism of the Section 43/44 Regular Program while Section 44, which is still active today, formed the operating mechanism. Section 43 permitted CMHC to make long-term loans to a province, municipality or public housing agency to assist in the construction or acquisition of a public housing project. Unlike the Section 40 Federal/Provincial Program, the projects were owned by the Province, Territory, Municipality or Public Housing Agency, or their agent (e.g. a Housing Authority). The responsibility for initiating projects rested with the

municipalities and the provinces and territories. Loans made under this section were to:

- (a) bear interest at a rate fixed by CMHC;
- (b) not exceed 90 per cent of the cost of a project;
- (c) be for a term not exceeding either the useful life of the project or 50 years;
- (d) be secured by a first mortgage in favour of CMHC; and
- (e) be repaid on a regular basis not exceeding one year (CMHC could require repayment where the project ceased to be operated as a public housing project).

Similar to Section 40, public housing loans could be made under Section 43 for either the construction or acquisition of a public housing project. Loans could also be made for the purposes of land acquisition. However, unlike Section 40, public housing loans made under Section 43 were not to include land which was in excess of project requirements or which was intended for public development in the future.

Section 44, also introduced in 1964 but still active today, forms the operating mechanism of the Section 43/44 Regular and Section 44 Provincially-Financed Programs. Section 44 permits CMHC to enter into a project agreement with any province, territory, municipality or public housing agency operating a public housing project for individuals or families of low income. These agreements, which are for periods not exceeding 50 years, allow CMHC to contribute up to 50 per cent of the operating losses incurred in the operation of these projects.

There were two main types of projects which were eligible for Section 44 subsidies: all projects financed under Section 43 and all other projects being, or to be, operated as public housing projects for which an application was made and approved by CMHC for Section 44 subsidies. These projects did not necessarily have to be financed through CMHC and included projects financed under Sections 15 and 15.1 of the NHA which had encountered financial problems and CMHC had approved their sale to the province/territory for public housing purposes; projects sold from CMHC's own real estate portfolio to a province or territory for public housing purposes; and projects approved by the Corporation but wholly financed by the province or territory.

Cost-Sharing Arrangements:

Under the Section 43/44 Program, all of the provinces and territories, with the exception of Nova Scotia and Quebec, did not require any municipal contribution. In Nova Scotia, the municipal share varies from 10 per cent to 25 per cent. In Quebec, the municipalities contribute 10 per cent. Saskatchewan did not participate in the program.

Tenant Selection / Integration:

Similar to the Section 40 program, CMHC developed a series of priorities in addition to the objectives of the Section 43/44 Regular and Section 44 Provincially-Financed Programs. Several of these priorities related directly to the production phase. For instance, the decision of whether to construct a new project or acquire existing units was to depend on local vacancy rates. The provision of units for single persons was in no case to exceed 10 per cent of the capital budget allocation under Section 43 for a local office. And other than for elderly and single persons, where demand was considered to be already proven, consideration was not normally to be given to the provision on an exclusive basis of accommodation for special groups such as veterans, specific religious or social groups, nurses, or university students.

Project integration into the surrounding neighbourhood was another explicit priority related to the production phase. Factors to be considered were the compatibility of project site, size and design; incomes; required community facilities; and zoning. Several possible methods of providing public housing so as to overcome local resident resistance were listed in the CMHC Guidelines and Procedures manual, including limitation of project size; greater mix of users (i.e. family and senior citizen, income mix); selection of privately developed projects (turnkey acquisition, portion of a project under rent supplement); active support of a suitable development proposal at public meetings; and consideration of design to ensure project compatibility with the neighbourhood. Related to project integration was the priority of achieving the dispersal of public housing projects throughout communities. In addition, the program delivery Guidelines and Procedures manuals stipulated that CMHC Regional offices, in cooperation with local offices, were to develop positive information programs to "correct erroneous public impressions and opinions respecting the physical quality of public housing and the type of public being accommodated."

Internal CMHC reviews on individual projects were to pay particular attention to the assessment of the likely impact of the proposed project on the surrounding neighbourhood in terms of scale, density, land use and appearance in relation to existing development. An assessment was also to be made of whether the proposed project would substantially change the income, racial, ethnic or age distribution of the neighbourhood or community, or if it would displace existing households. If displacement was likely to occur, an adequate relocation plan was required. Conversely, project reviews were to assess the current and anticipated character of the surrounding neighbourhood and whether it was a suitable location for the proposed project. A particularly important consideration was to be the suitability and accessibility of off-site community facilities and services to residents.

Design Guidelines:

Similar to Section 40, the Section 43 guidelines stated that "projects were to be adequate in terms of size, design, specifications and facilities and comparable to privately-initiated projects in the community where the project was to be built". The additional guideline was stipulated that housing should be provided at the lowest capital and operating costs compatible with satisfactory location, good design (building and site), sound construction and the reasonable expectations of the people to be accommodated.

The provinces and territories were to be encouraged to involve tenants in design and site layout to produce a living environment suited to the needs of the inhabitants and instill a sense of pride and belonging, leading to a better lifestyle.

Minimum floor areas for self-contained accommodation were derived from Residential Standards. Detailed maximum norms, by unit type, were listed in the Guidelines & Procedures program manual. For hostel accommodation, the applicable norms were those contained in the Corporation's Appraisal Guide. As part of CMHC's broader Social Housing Program, the same series of standards for new construction projects which automatically became mandatory for the Section 40 F/P Program also applied to the Section 43/44 Regular Program. Hostel and dormitory accommodation also had to conform with the same requirements, except that room and space dimensions were as prescribed in the National Building Code. Local or provincial/territorial requirements applied whenever they were more stringent. Existing buildings had to conform to the Minimum Property Standards, CMHC, NHA 5017 for Existing Residential Buildings. CMHC inspectors, in accordance with the National Housing Loan Regulations, inspected housing projects to ensure that construction was carried out in reasonable conformity with the approved plans, specifications and standards.

CMHC reviews of proposed projects were to place particular emphasis on social development concerns, including an assessment of the socio-cultural characteristics of the population to be accommodated, the neighbourhood or community in which the project was to be placed, and their potential compatibility; the accessibility and adequacy of neighbourhood and municipal-wide services and facilities; any special management and operating styles that may have been required or advisable to best serve the needs of the residents; appropriate approvals of care arrangements for special user groups (physically, socially or mentally handicapped); and when the project involved the purchase of an existing residential facility, the characteristics of the existing residents and a plan for their relocation.

The compatibility of adjacent land uses, and the effect they might have on the efficiency and convenience with which the residents could undertake day-to-day activities, was to be reviewed for every proposed project. These reviews were also to examine the appropriateness of private and communal indoor and outdoor social and recreational facilities for the intended

users as well as the appropriateness of communal and private spaces.

It was suggested that for large projects that the police were to be consulted on measures that might be taken to control "antisocial behaviour".

OPERATING PHASE

Many similarities occur in the operating phase of Sections 40 and 44, as found in the respective Guidelines and Procedures manuals and CMHC work routines. Since Section 43 was solely delivery oriented, Section 44 provides the operating mechanism for both the Section 43/44 Regular and the Section 44 Provincially-Financed Programs. Some of these similarities include the client groups to be served, tenant selection, the rent setting and income verification procedures followed, project management, tenant participation, maintenance and modernization and improvements.

Refer to the foregoing review of the operation of Section 40 projects for more information on the above aspects. In addition, Section 2.5 of this report briefly describes the operating phase of the Section 40, Section 43/44 and Section 44 programs.