

**PUBLIC HOUSING POLICY REVIEW**

**THIRD ROUND CONSULTATION PAPER**

**CANADA MORTGAGE AND HOUSING CORPORATION**

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# CONTENTS

	PAGE
<b>1. INTRODUCTION</b>	<b>3</b>
<b>2. BACKGROUND</b>	<b>5</b>
PROGRAM OVERVIEW	
NATIONAL OBJECTIVES	
FEDERAL ROLE	
<b>3. THE SOCIAL ENVIRONMENT</b>	<b>7</b>
EVALUATION AND CONSULTATION HIGHLIGHTS	
OBJECTIVES	
POLICY PROPOSALS	
<b>4. THE PHYSICAL ENVIRONMENT</b>	<b>13</b>
EVALUATION AND CONSULTATION HIGHLIGHTS	
OBJECTIVES	
POLICY PROPOSALS	
<b>5. THE MANAGEMENT ENVIRONMENT</b>	<b>20</b>
EVALUATION AND CONSULTATION HIGHLIGHTS	
OBJECTIVES	
POLICY PROPOSALS	
<b>6. FINANCIAL CONSIDERATIONS</b>	<b>26</b>
<b>7. LEGAL CONSIDERATIONS</b>	<b>27</b>
<b>8. CONCLUSIONS</b>	<b>27</b>
<b>APPENDIX A - STAKEHOLDERS CONSULTED</b>	<b>29</b>
<b>APPENDIX B - PROGRAM PROFILE</b>	<b>31</b>
<b>APPENDIX C - SCOPE OF - MAINTENANCE &amp; REPAIR, MODERNIZATION &amp; IMPROVEMENT, REGENERATION</b>	<b>33</b>

# **PUBLIC HOUSING POLICY REVIEW**

## **1. INTRODUCTION**

Canada's public housing program, actively delivered during the period from 1949 to 1985, resulted in the creation of over 200,000 housing units in some 4,650 projects. This portfolio, which is jointly funded the senior levels of government, with municipal cost sharing in some areas, represents a major portion of the entire social housing stock and is currently home to over 430,000 people, including a significant number of single parent families and senior citizens, all of whose rents are calculated in relation to their incomes. This portfolio is a valuable societal asset which the Federal Government believes should be preserved as much as possible. Because governments at all levels are operating in a period of severe financial restraint, program objectives in all areas must be clear and policies developed to ensure they are achieved in the most cost-effective and efficient manner possible.

CMHC has undertaken a major public housing policy review to:

1. evaluate the effectiveness of program policies;
2. define key issues and identify options for addressing them;
3. develop policies that are relevant and appropriate to the needs of government and program clients;
4. establish up to date program objectives;
5. promote cost-effectiveness and efficiency in program operations and management.

The policy review has proceeded in a number of distinct phases as illustrated in by the following table:

## POLICY REVIEW - SIX PHASES

PHASE	87	88	89	90	91	92	93
1. EVALUATION <ul style="list-style-type: none"> <li>* DESIGN</li> <li>* CONDUCT WORK</li> <li>* REPORT</li> </ul>							
2. CONSULTATION # 1. <ul style="list-style-type: none"> <li>* CONSULTATION PAPER</li> <li>* STAKEHOLDER MEETINGS</li> <li>* TENANT WORKSHOPS</li> <li>* REPORTS</li> </ul>							
3. CONSULTATION # 2. <ul style="list-style-type: none"> <li>* POLICY PERSPECTIVES</li> <li>* F/P/T MULTILATERAL</li> <li>* NATIONAL TENANT WORKSHOP</li> </ul>							
4. DEVELOPMENT OF PROPOSALS <ul style="list-style-type: none"> <li>* MANAGERS SURVEY</li> <li>* REGENERATION CANDIDATES IDENTIFIED</li> <li>* ANALYSIS</li> </ul>							NOW 
5. CONSULTATION # 3.							
6. REVIEW AND DECISION							

Appendix A describes the stakeholders consulted during earlier phases of the policy review.

The review is now in its final phases with Provinces and Territories being invited to review and comment on the proposals resulting from the program evaluation, consultation with key stakeholders, and subsequent analysis and policy formulation.

It is planned that this paper will be released to Provinces and Territories in July 1993. A response is requested by the end of September 1993 to facilitate a timely conclusion to the work. CMHC will welcome an opportunity to meet and discuss the paper with interested Provinces and Territories before that time.

This Third Round Consultation on the Public Housing Policy review will be conducted concurrently with the Consultation on a Federal Social Housing Policy

Framework for the 1990's, a separate but related initiative. In this regard, it is expected that a number of the issues arising from the Public Housing Policy Review, related to the existing stock, will cross over into the new consultation and will be dealt with within this broader context. At the same time, CMHC believes there is a need to complete the work on public housing in order to ensure recognized priorities for this program can be addressed to the extent possible.

## **2. BACKGROUND**

### **A. PROGRAM OVERVIEW**

Appendix B provides a brief review of the nature of the public housing stock, the subsidies being provided to support it and the clients being served.

It is important to note that public housing is funded under two separate federal programs based on the provisions of sections 79 and 81/82 of the National Housing Act. Provinces and Territories are involved in the program pursuant to their own provincial legislation.

### **B. NATIONAL OBJECTIVES**

The public housing evaluation observed that Federal objectives for the program, originally developed for the delivery of new units, do not reflect the current property management "operating" thrust of the program. It went on to suggest that CMHC should play a more active role in guiding the evolution of the program.

This Third Round Consultation Paper responds to this challenge by establishing national "operating" objectives and goals for public housing. These are not radical or even original. They attempt to reflect the best of what everyone is trying to accomplish to ensure the continued success of this large public investment. The objectives are grouped in the following text under three separate theme areas related to the social, physical and management environments in public housing. The proposed objectives and goals are preceded by a review of the key issues and concerns in the theme area arising from the evaluation, consultation and subsequent analysis. The proposed objectives and goals are followed by a listing of draft program policy proposals to support their achievement.

CMHC believes that public housing should be managed to achieve the following national objectives.

#### **1. THE SOCIAL ENVIRONMENT**

1. To provide safe, secure and healthy housing communities and promote access to community based services and facilities to meet the needs of residents.

2. To ensure projects are appropriately integrated into local communities and neighbourhoods.
3. To facilitate and support opportunities for as many residents as possible to become self-sufficient and independent of government support.

## 2. THE PHYSICAL ENVIRONMENT

1. To maintain projects at a reasonable standard across Canada.
2. To help eliminate obsolescence, improve living conditions and maximize the utilization and performance of assets through redevelopment, intensification and the sale of obsolete and/or surplus land/projects.

## 3. THE MANAGEMENT ENVIRONMENT

1. To promote quality project management.
2. To foster feelings of hope and pride between providers and residents which provides tenants with a greater voice in ongoing project management, maintenance and services.
3. To ensure an effective accountability framework for public housing.
4. To minimize overlap and duplication of effort in program management and pursue cost-effective and efficient improvements to the social, physical and management environments.

## C. FEDERAL ROLE

Although CMHC has been the major financial contributor to public housing across Canada, it does not play an active role in the management of the portfolio and has instituted relatively few controls over its operation. Through Federal, Provincial, Territorial (F/P/T) agreements, responsibility for the day-to-day operation of the program is vested almost exclusively with the Provinces and Territories. As a result, management styles, organizational structures and practices have evolved differently in each jurisdiction.

CMHC has been very conscious and respectful of the important role played by the Provinces and Territories in the management of public housing in the development of these policy proposals. Calls for improvements to the program from all stakeholders suggest, on the one hand, that the status-quo option would generally not be acceptable and some changes are warranted. On the other hand, CMHC recognizes that it cannot impose new policies that would not be mutually

acceptable. The preferred Federal role, which is reflected in the policy proposals in this paper, is to be supportive and facilitate positive measures where there is already some consensus that action is required. In some areas where such a consensus does not yet exist, the favoured approach is to create incentives to explore or test out opportunities for improved cost-effectiveness, efficiency and client service with interested Provincial, Territorial and other partners.

Some of the proposals pertaining to public housing in this paper have broad implications that may be more appropriately addressed within the Consultation on a Social Housing Policy Framework for the 90's.

### **3. THE SOCIAL ENVIRONMENT**

#### **EVALUATION AND CONSULTATION HIGHLIGHTS**

##### **1. SERVICE ACCESS**

- \* Public housing has increasingly become home to individuals and families of very low income, who often have multiple disadvantages and who often need services and support from others to function effectively in the community.
- \* The consultation revealed that many residents in need do not have easy access to services because of problems related to : transportation, lack of knowledge about needed services, agency cut-backs, user fees, mobility barriers, bureaucracy and language.
- \* Many interest groups, including tenants, called for a greater focus on the needs of residents and efforts to facilitate access to needed services at a time of restraint and cut-backs.
- \* There was general agreement the actual provision of service was not a housing responsibility but facilitating access was essential. Current program policies do not adequately differentiate between these two elements.
- \* Some public housing providers are already devoting considerable effort to facilitate access to service. The levels and cost of this have not been assessed so it is difficult at this time to determine if additional expenditures are warranted.
- \* The suggested consequence of not taking action in this area will be increased anti-social behaviour and loss of personal functioning (eg: family disintegration and health deterioration) which will add to program cost.

##### **2. SAFETY AND SECURITY**

- \* Vandalism and theft was seen as a problem by half the residents surveyed in the evaluation.
- \* Drug dealing and assault were seen as a problem by a quarter of the residents.

- \* Major problems are concentrated in larger urban projects.
- \* The incidence of reported problems was generally lower than amongst equivalent low income renters in the private market.
- \* The consultation revealed that safety and security is of increasing concern to both managers and tenants.
- \* Suggested responses included: physical improvements, improved security (police presence), more careful tenant selection and eviction, more information and greater tenant involvement.
- \* A number of public housing providers have taken creative action to address problems in this area.
- \* There was generally a desire for more information about successful initiatives and support for training staff and residents.

### 3. TENANT MIX

- \* There are concerns about public housing projects becoming "welfare ghettos" as the number of working poor has decreased and the number of social assistance recipients has increased.
- \* The evaluation revealed that single parents, mostly women, headed half the households in family projects and a third of the population was made up of children under 15.
- \* Some suggested in the consultation that a concentration of people with multiple disadvantages might discourage viable communities while others spoke about greater solidarity amongst households of similar circumstances and incomes.
- \* Some provinces are exploring opportunities to modify their point rating systems for tenant selection to achieve a greater mix of income and household types.
- \* Ethnic, cultural and racial mixing came up in the consultation as minority groups have become much more visible in some projects. Concern was expressed about potential strife in this area but there was no agreement on what should be done.
- \* Some suggested that mixing in large projects might be better addressed through the establishment of different forms of tenure and management, and encouraging a greater mix throughout the whole social housing portfolio. There was a view that public housing tends to be targeted to households in greater need than other parts of the social housing portfolio.
- \* There is a very limited body of current literature and research in Canada about issues related to socio-economic, ethnic, cultural and racial mixing in public housing.

### 4. COMMUNITY INTEGRATION

- \* The evaluation revealed that both managers and residents felt that public housing was reasonably well integrated into local communities and neighbourhoods.



- \* Seniors tended to be more satisfied than families.
- \* The views of project neighbours consulted were often not flattering and in some cases quite prejudiced towards public housing and its residents.
- \* Issues related to community integration were uppermost in the minds of the tenants participating in workshops across the country and many suggested that they had a profound feeling of being stigmatized.
- \* Tenants reported a lack of support and respect from project managers, staff and trades-people, neighbours, service agency personnel including police, the media, as well as amongst themselves.
- \* Suggested responses to these circumstances included: greater efforts by project management to improve communications and information sharing, tenant organization development and training, expanded opportunities for neighbourhood contact, more supervised recreation programs for children and youth, recognition and awards for tenant/community accomplishments and improved public relations. It was suggested that tenants and providers should be helped to better defend themselves when the media portrays public housing in a negative way.
- \* Some argued that better community integration could be accomplished if project staff and tenants assumed more responsibility in the coordination of community services and facilities on behalf of residents. The fact that many public housing providers employ Community Relations Officers was noted and it was felt that more could be done to clarify the importance of this role and facilitate its operation in problem areas.
- \* It was suggested that in the case of some of the larger projects, it may be possible to improve community integration by introducing alternative forms of tenure for different neighbourhoods within a project in order to encourage greater community cohesiveness and bring management closer to the people. No specific project proposals were forthcoming in this area but it was felt that opportunities should be considered.

## 5. SOCIAL INVESTMENT

- \* Public housing is increasingly providing medium to long-term accommodation and residents often feel trapped in a cycle of poverty.
- \* Only one-third of the residents in family projects had incomes from employment and few have any intention of moving out in the near future.
- \* Some of those consulted identified problems with the current rent-to-income scales which they thought created disincentives to upward and outward mobility, eg: discouraging training, employment and savings. (Note: the rent-to-income scale is part of a separate policy review within CMHC.)
- \* Two types of social investment support could be contemplated. The first would involve a form of financial "transition" assistance and the second would involve direct service in areas related to vocational training, family support and employment creation. It would be expected that any initiatives in this area would be through partnerships with other responsible parties in the governments and the private sector.

- \* Many felt that more should be done to help residents who are able to develop the social and vocational skills to move on from public housing and become independent of government support. It was proposed, in this regard, that there should be an option in the rent-to-income scale which would permit a portion of rent increases to be put into an escrow account and paid back to tenants later on to facilitate their move away from public housing. This type of transition assistance is currently not viewed as a component of the public housing program.
- \* Successful social investment initiatives would be expected to contribute to a more rapid turnover of public housing units as people move out, thereby improving the cost-efficiency of the portfolio in terms of households in need assisted (more households assisted with the same number of units).
- \* It was noted that in other countries, housing agencies have played a lead role in developing and delivering programs to support independence and enablement.
- \* Some suggested that the concentration of disadvantaged households in public housing communities provide an opportunity to more effectively mobilize, coordinate and target community services and resources to help residents deal with their problems and develop the abilities to become independent of housing and other forms of government assistance.

## 6. CONCLUSION

- \* This brief overview of highlights from the evaluation and consultation suggests the need for new program objectives which focus on improvements to the social environment within public housing projects themselves, between projects and their surrounding neighbourhoods and communities, and on creating greater opportunities for residents to reenter and prosper in the wider community.
- \* Specific objectives, goals and program policy proposals to achieve these ends are outlined below under three headings:

- A. Project Living Environments
- B. Community Integration
- C. Social Investment

### A. PROJECT LIVING ENVIRONMENTS

#### OBJECTIVE:

To provide safe, secure and healthy public housing communities and promote access to community based services and facilities to meet the needs of residents.

#### GOAL # 1. Service Access

To support efforts to enable residents to access community based services and

facilities.

## POLICY PROPOSALS

- A.1 Eligible activities and the level of staff support required to facilitate tenant access to facilities and services should be established and funded.

### GOAL # 2. Safety and Security

To help public housing projects provide safe and secure environments.

## POLICY PROPOSALS

- A.2 Advisory documents/pamphlets should be developed and the sharing of information should be encouraged between housing agencies and other responsible parties about ways to improve safety and security in public housing projects.
- A.3 The provision of training for project managers and tenants related to safety and security in public housing should be supported.

### GOAL # 3. Tenant Mix

To help ensure that public housing provides a positive and supportive social and income mix within core need.

## POLICY PROPOSALS

- A.4 Research projects to explore issues and develop solutions related to socio-economic, cultural, ethnic and racial mixing in public housing should be pursued.
- A.5 Efforts should be made to achieve a broader mix of incomes and household types in larger public housing projects experiencing problems in these areas. Action in this area could involve changes in resident selection practices to achieve a greater income mix within core need and encouraging a more even distribution of incomes and household types throughout the whole social housing portfolio.

## B. COMMUNITY INTEGRATION

### OBJECTIVE:

To ensure public housing is appropriately integrated into local communities and neighbourhoods.

## GOAL # 1. Service Coordination and Organization

To encourage community services and facilities to respond effectively to the needs of public housing residents.

### POLICY PROPOSALS

- B.1 Departments and agencies with related mandates should work together to encourage a more responsive and coordinated approach to meeting the special needs of public housing residents at all levels (federal, provincial and local).
- B.2 Eligible activities and the level of staff support required to facilitate effective community relations should be established and funded.

## GOAL # 2. Addressing Stigma

To support the integration of public housing into the surrounding community and reduce the stigma that is perceived by and about those living in these projects.

### POLICY PROPOSALS

- B.3 A publicity campaign, linked to an awards program should be undertaken by CMHC and its provincial/territorial partners, to publicize significant community integration initiatives and place public housing in a more positive light, both locally and nationally.
- B.4 Opportunities should be provided for selected public housing projects to be sold / leased to community based public or private non-profit housing corporations, and continue to receive program subsidies.
- B.5 Selected large, high density projects should be permitted to be sub-divided into smaller neighbourhood projects with different tenure (tenant or community associations) or management systems (tenant management groups).
- B.6 Tools should be provided to tenant groups to help them address issues contributing to "stigmatization."

## C. SOCIAL INVESTMENT

### OBJECTIVE

To facilitate and support opportunities for as many residents as possible to become self-sufficient and independent of government support.

## GOAL # 1. Achieving Independence

To support the provision of opportunities for residents in public housing who are able to develop the knowledge, skills and motivation to break out of the cycle of poverty and become independent of government housing assistance.

### POLICY PROPOSALS

- C.1 Public housing providers should be encouraged to help selected employable public housing tenants participate in community training programs to develop marketable skills in housing operations, and where cost-justified, provide employment opportunities for them within their portfolios.
- C.2 Selected experiments should be undertaken to reduce rent-to-income scale disincentives to training, employment and mobility.
- C.3 A series of research / demonstration projects should be undertaken in public housing, in cooperation with other partners, to test out incentives and inducements to enable and encourage residents to become self-sufficient and independent of government support including housing assistance.

## 4. THE PHYSICAL ENVIRONMENT

### EVALUATION AND CONSULTATION HIGHLIGHTS

#### 1. ACHIEVING REASONABLE STANDARDS

- \* The public housing stock was generally in good condition with most projects either meeting or exceeding minimum property standards.
- \* A small proportion of the projects failing to meet standard are disproportionably located in some provinces.
- \* As there has been only one stock condition survey, no information is available to indicate whether or not the stock is improving or deteriorating.
- \* There was a significant outstanding need for repairs and replacements - \$350 million in 1988.
- \* An additional need for additions and upgrades amounting to \$133 million (1988) was also identified.
- \* Assuming the budget for modernization and improvement (M & I) in 1988 was totally targeted at this priority need, a backlog of some \$209 million would remain.
- \* At the time of the evaluation it was assumed that if the allocations to M & I continued to increase at the high levels they had been in recent years, the backlog would be addressed.
- \* More recent analysis of M & I budget allocations suggest that a greater share of increases have gone to provinces with less of a backlog and

- whose stock is in relatively better condition. No system is in place to ensure M & I budgets are targeted on the basis of need across the country.
- \* Subsequent to the program evaluation, and in response to feedback received in the consultation, CMHC enhanced its M & I policies to better facilitate the funding of upgrades to support safety and security, accessibility for the disabled, aging in place, and the conversion of units to provide needed social and support facilities.
- \* Provinces and Territories believe that CMHC's requirements for the inspection of M & I in excess of \$10,000 per unit and \$250,000 per project are onerous.
- \* Fiscal capacity to maintain public housing projects in good condition is an increasing cause of concern.
- \* Some suggested that greater efforts need to be made to facilitate the sharing of information between Provinces and Territories to reduce the potential of overlap and duplication of effort in many areas.
- \* Program policies are not clear that maintaining the public housing stock in good condition is a fundamental principle governing the management of the program. This is increasingly important at a time of fiscal restraint to ensure the cost-effective use of government funds. Such a principle would be consistent with the intent of the National Housing act which specifies that public housing is undertaken to provide decent safe and sanitary housing accommodation in compliance with standards approved by the Corporation (NHA section 78).
- \* CMHC currently has two documents outlining standards for existing housing, Minimum Property Standards for Existing Residential Buildings (NHA 5017) and "Standards for the Rehabilitation of Residential Buildings" (NHA 5724). The first has been used to guide the underwriting of loans for existing houses and the second was developed to support the delivery of the Residential Rehabilitation Assistance Program. Adaptation of these standards may be required to meet public housing stock management requirements.
- \* Tenants expressed considerable concern about the way maintenance and repair was being managed and called for improvements to address problems related to: long waits for service, lack of priorities, not knowing when repairs would be done, missed appointments, incomplete repairs, poor quality work and inadequate feedback. Tenants felt they could play a stronger role in performing maintenance and repair work at less cost.

## 2. REGENERATION

- \* The need for a regeneration policy was the top priority of the policy review in the eyes of many Provinces.
- \* A definition of regeneration is required for three reasons:
  1. To differentiate eligible costs for regeneration there is a need to define its scope relative to other activities associated with maintaining and

improving public housing.

2. To establish reasonable approval authorities linked to risk and financial exposure.

3. To facilitate program management and budget planning.

\* Appendix C is a chart illustrating the scope of maintenance and repair (M & R) and modernization and improvement (M & I), based on CMHC's existing program guidelines, compared to the range of activities that regeneration could involve.

\* The need to consider the conversion of hard to market or unneeded public housing units was also reviewed in the evaluation and consultation. The high potential cost of conversion indicated the need for a review of less costly alternatives before such work is undertaken.

\* Besides outlining the scope of regeneration relative to M & R and M & I, there are two other elements that help to define regeneration. The first pertains to the magnitude or cost of the work involved. The second relates to the need to consider all options when assessing regeneration need, including to possibility of demolishing and/or disposing of the property.

\* The evaluation identified a small number of public housing projects that were obsolete and in need of major repairs in order to continue to provide adequate accommodation and meet the social needs of residents.

\* It estimated that between 57 and 500 projects, representing 6,800 and 36,000 units respectively were in need. The low estimate only included projects which failed to meet minimum standards at the time and the high estimate included all projects where there appeared to be a need. Cost estimates for this work ranged between \$133 million and \$290 respectively, before cost sharing, in 1988 dollars.

\* Since the evaluation, and based on requests from the Provinces, CMHC has enhanced its policies governing eligible M & I activity (as reflected in Appendix C) so some small scale improvements, which were once considered regeneration, could proceed. This is expected to take some pressure off regeneration funding requirements.

\* During the latter part of the consultation, provinces were asked to provide supplementary information "off the shelf" on regeneration candidates and priorities in order to help CMHC update the need estimates. The response was very limited.

\* The supplementary assessment revealed that:

\* Readiness and preparedness to undertake regeneration work varies between jurisdictions in both logistical and financial terms.

\* About 10 per cent of regeneration candidates had potential for site intensification resulting in 25 per cent more units. Opportunities in this area may not be easily realizable with no new funding commitments.

\* The estimated average unit cost of regeneration of \$31,200, is about 50 per cent higher than projected by the evaluation.

\* Based on the information available from the evaluation and supplementary assessment, and taking into account the increased M & I flexibility as well

as fiscal restraint and considerations related to readiness to proceed, CMHC believes that a reasonable estimate of regeneration funding requirements would be \$121 million over the next five years. The Federal share of this would be approximately \$68 million. This will permit some 3900 units to be regenerated nationally over the next five years. These numbers are not based on a current and systematic assessment of need and demand. A firmer and more timely estimate will need to be developed with the cooperation of all parties.

- \* The consultation explored different ways that regeneration could be funded. Some options related to new authority or reallocations from current year allocations for new delivery are no longer feasible. Others ideas ranged from using savings from operating cost reductions and refinancing capital costs to accessing the net proceeds from the sale of projects or property, or the net freed-up subsidy from unit sales and demolitions, to reprofiling funds between programs. It should be noted that CMHC, under the terms of section 79 agreements has access to a 75 per cent share of the net proceeds from sales. Under section 82, where CMHC is not in an ownership position, Provinces and Territories can determine how any proceeds from sales are utilized even though their equity was built up with Federal support.
- \* Financing options for regeneration involving long term loans (25-35 years) are precluded by the federal governments desire to move away from this approach for social housing. Federal support might best be provided through directed contributions to cover expenditures as they are incurred. However, there may be some opportunities to benefit from CMHC direct lending where subsidies can be freed up, through greater program flexibility, to cover amortization costs.
- \* Some provinces have asked if CMHC would be willing to refinance their 25 per cent share of section 79 capital with direct loans at lower interest rates in order to reduce their carrying costs. Because the partnership projects are Federal assets they cannot be encumbered, thus, such loans could not be secured with mortgages.
- \* The consultation revealed some concerns about the way federal regeneration funds would be allocated. Considerations related to the distribution of the portfolio, the relative condition of the stock and efforts to maintain it over the years.
- \* CMHC has had some experience with the management of regeneration in two public housing demonstration projects and with several projects in its own directly administered portfolio. Through this experience it has some awareness of the problems, risks and opportunities associated with regeneration work which is quite different from the delivery of new projects. These will be the basis for the development of mutually agreed guidelines and reasonable project approval processes. Because of the complexities involved in regeneration, opportunities to share information and expertise were encouraged. This could be achieved through the establishment of a national clearinghouse or through joint F/P/T initiatives. As well it was



suggested that a small amount of money should be available to support regeneration related research, eg: the development of physical audit criteria, mid life-cycle costing and regeneration techniques.

### 3. CONCLUSION

- \* This brief overview of highlights from the evaluation and consultation suggests the need for new program objectives which focus on the effective management of the public housing stock and project regeneration.
- \* Specific objectives, goals and program policy proposals to achieve these ends are outlined below under two headings:

- A. Effective Management of Physical Assets
- B. Regeneration

#### A. EFFECTIVE MANAGEMENT OF PHYSICAL ASSETS

##### OBJECTIVE

To maintain public housing at reasonable standards across Canada.

##### GOAL # 1. Reasonable Standards

To effectively manage program resources to ensure that the public housing stock is maintained at a physical standard acceptable to the Corporation.

##### POLICY PROPOSALS

- A.1 Public housing projects must meet physical standards acceptable to the Corporation.
- A.2 Reliable and timely information about the condition of public housing should be collected and maintained.
- A.3 A three year planning process for modernization and improvement (M & I) should be adhered to for public housing.
- A.4 An equitable needs-based approach to the allocation of resources to support M & I and regeneration should be implemented.
- A.5 CMHC inspections and approval of M & I that is not part of regeneration should no longer be required.
- A.6 The development and sharing of information, systems and technology should be supported to improve the efficiency and cost-effectiveness of managing public housing projects, eg:

- \* Preventative maintenance systems.
- \* Safety and security enhancements.
- \* Aging in place enhancements.
- \* Stock management systems.
- \* Advisory documents.
- \* Maintenance and repair guidelines for tenant service and involvement.

## B. REGENERATION

### OBJECTIVE

To help eliminate obsolescence and improve living conditions in public housing, and maximize the utilization and performance of assets through redevelopment, intensification and the sale of obsolete and / or surplus land / projects.

### GOAL # 1. Addressing Obsolescence

To ensure a comprehensive approach to the regeneration of obsolete public housing projects.

### POLICY PROPOSALS

- B.1 Provinces and territories should be authorized to proceed with a small number of priority regeneration projects subject to mutually agreed upon guidelines and within Federal allocation levels approved by CMHC.
- B.2 Regeneration, based on comprehensive cost-effectiveness assessments, should include large scale modernization and improvement (M & I), conversion, redesign and redevelopment (encompassing demolition or sale), where revenues or costs exceed a threshold established by CMHC.
- B.3 Unit conversions to deal with chronic vacancy problems should be an eligible regeneration cost subject to assurance that all lower cost alternatives have been considered and that there is a sound business case to proceed.
- B.4 The number of regeneration projects to be undertaken will be dependent on the funding available.
- B.5 Regeneration project approvals by CMHC will require amendments to F/P/T agreements and mutually agreed guidelines dealing with: an overall approach to effective stock management, needs assessments and selection criteria, tenant consultation, cost sharing arrangements, CMHC involvement, monitoring and evaluation, and planning for the future.
- B.6 An F/P/T committee should be given responsibility for guiding the

implementation of the regeneration policy, sharing information on regeneration projects and methodologies, developing common planning and assessment criteria and approaches, and initiating jointly funded regeneration related research.

- B.7 A small annual budget should be established to fund research related to regeneration processes and techniques.

## GOAL # 2. Access to Program Assets

To permit existing public housing assets and subsidies to be utilized more effectively to extend the amount of regeneration activity that may be undertaken within established budget parameters.

## POLICY PROPOSALS

- B.8 CMHC should agree to cover the Federal share of eligible regeneration costs, within approved allocations, from savings achieved through more efficient and cost-effective management of the social housing assets. Without precluding opportunities in this regard and subject to the approval of CMHC'S Corporate Plan by Central Agencies, savings could be achieved through a more flexible approach to the management of resources, including:
- \* Permit the net proceeds from the sale of section 79 property to be used to support regeneration on the same or other sites.
  - \* Permit the net freed-up subsidy from project property sales and demolitions to be used to support the development of replacement units on the same or other sites.
  - \* Permit public housing program subsidies to be reprofiled to other programs on a project or program basis.
- B.9 CMHC's direct lending program should be adapted to cover eligible regeneration costs in special circumstances where direct Federal contributions are not warranted, subject to the availability of matching subsidies to cover loan amortization costs.
- B 10 CMHC's direct lending program should also be adapted to facilitate the refinancing of section 79 provincial capital at lower interest rates using debenture security.
- B.11 The net proceeds from the sale of section 82 Provincially owned assets should be applied to support regeneration before projects will qualify for further Federal cost shared support.

## 5. THE MANAGEMENT ENVIRONMENT

### EVALUATION AND CONSULTATION HIGHLIGHTS

#### 1. PROJECT MANAGEMENT

- \* Provinces and territories are clearly responsible for the day-to-day management of public housing projects, either directly or through local authorities, within the broad framework established in F/P/T agreements.
- \* Project management performance was analyzed in the program evaluation which concluded that good portfolio management practices were generally in place in 1988. However, shortcomings related to maintenance management, tenant relations, planning and performance appraisals were identified in several places.
- \* A profile of project managers in the evaluation revealed that:
  - \* the majority were responsible for projects of less than 100 units;
  - \* on average (in 1988) they had six years experience;
  - \* almost three-quarters of the project managers had no property management experience outside of public housing; and
  - \* 14 per cent either had or were in the process of getting a Certified Property Management designation.
- \* Most managers had pursued training in budgeting, property inspections, trades and tenant relations offered by their employers.
- \* There is no source of information to show how the profile of managers may have changed since 1988.
- \* There was a strong correlation shown in the evaluation between low level performance on management planning, accreditation and training, and projects in poor condition.
- \* While the evaluation indicated that tenants, particularly seniors, were reasonably satisfied with project level management, there was some dissatisfaction related to safety and security, routine maintenance and repair and disruptive neighbours. The tenant consultation workshops raised many concerns particularly in areas related to communication with project managers.
- \* Managers expressed considerable anxiety in the evaluation and supplementary survey about greater tenant participation in project management.

#### 2. TENANT PARTICIPATION

- \* The evaluation revealed that some tenant involvement occurs in most projects, however, this rarely involved substantive input to management decision making or working with established tenant committees.
- \* One third of the tenants surveyed favoured greater tenant involvement in project management.
- \* Close to half the project managers surveyed felt that tenants should not

have a role in management and this proportion increased as stronger tenant roles were identified. Managers indicated that it was often a chore to get tenants involved.

- \* Consultations with tenants resulted in many recommendations such as:

<ul style="list-style-type: none"> <li>* The federal government should take a public position in support of greater tenant participation. Clear signals from senior governments will encourage action at lower levels.</li> <li>* Tenant participation should be addressed in all regeneration projects.</li> <li>* Community development / facilitation staff support should be provided to help develop and operate tenant organizations.</li> <li>* Seed funding should be available to support new tenant organizations.</li> </ul>	<ul style="list-style-type: none"> <li>* Training opportunities should be provided to support tenant participation.</li> <li>* Tenant organizations should be able to benefit from savings achieved through their efforts.</li> <li>* Performance standards for good tenant communications should be established.</li> <li>* A clearinghouse to facilitate the sharing of information between tenant groups should be supported.</li> <li>* Awards for significant and successful tenant participation efforts.</li> <li>* Research and demonstration projects should be supported to develop successful models for tenant participation.</li> </ul>
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- \* The suggested benefits of greater tenant participation included: skill development, enhanced quality of life, reduced crime, improved maintenance, greater employment opportunities, personal satisfaction and improved self esteem.
- \* The evaluation indicated that interest in greater levels of participation was higher in larger family projects. The consultation, however, did not uncover a strong call for tenant management or ownership of projects. Subsequently, some interest in such an approach has been expressed by a few tenants and advocacy groups like the Co-operative Housing Federation of Canada. Governments will be encouraged to respond positively to proposals in this area in the future if they can be shown to be cost-effective and able to provide improved service to residents.
- \* Some provinces and territories have already been quite active in encouraging greater tenant participation at the project and housing authority levels.
- \* Tenant participation, including project management by tenant organizations has been actively pursued for many years in the United Kingdom and the United States. To the extent that recent results have been quite promising, particularly from a cost-effectiveness perspective, further action and demonstration projects may be warranted in Canada.
- \* Another facet of participation which came up in the consultation involved the notion of self-help or mutual-support. Based on the fact that many needed services, as discussed earlier in this report, are not easily accessible or restrained because of cut-backs, there is a need to explore ways that residents in public housing communities can better help one another and take advantage of what is actually available in the community. Some successful endeavours in this regard were noted which have the potential to help reduce long-term service costs to government.

### 3. PROJECT / UNIT SALES

- \* A fundamental principle governing the program consultation was that public housing is an important societal asset. Within this context, there was some discussion of cases where sales may be warranted to the benefit of the overall portfolio and client service.
- \* Current program policies permit project and unit sales to take place when there is no longer a need for the housing.
- \* Sales of property and projects may be warranted in the future as part of regeneration activities.
- \* Some of those consulted suggested that sales should be permitted to community or tenant based non-profit societies and co-operative associations in special circumstances and projects should continue to benefit from program subsidies. In some cases it might be preferable to actually lease rather than sell these properties, to ensure they remain within the social housing portfolio for the long term.
- \* Some tenants suggested that they be given the opportunity to purchase their units. However, this was countered by others who thought that a few fortunate families should not be able to profit at the expense of many households in need, both now and in the future.

### 4. PROGRAM MANAGEMENT

- \* As already noted, the evaluation suggested that Federal public housing program objectives should be updated to reflect the property management orientation of the program and CMHC should play a more active role in guiding the evolution of the program.
- \* The consultation, particularly with the Provinces and Territories, suggested that greater federal involvement would be seen as intrusive and interfere with their responsibility for ongoing project operations. Concerns were also expressed about any additional administrative burden.
- \* Inconsistency in the accountability frameworks and administrative requirements for public housing as compared to other F/P/T social housing programs were noted in the consultation and greater harmonization was proposed.
- \* Some believe that CMHC's traditional role in the management of public housing, which has focused on financial control and adherence to program agreements and guidelines, should shift to give more attention to joint partnerships and the sharing of resources and expertise amongst all partners in order to achieve common objectives in the most cost-effective and efficient way across the country.
- \* The evaluation noted that public housing was reasonably well targeted to households in core need and residents were in most cases being taken out of core need. In order to achieve greater program harmonization between public housing and the post 1985 programs, some believe that targeting to core need should become a principle governing public housing.

## 5. CONCLUSION

- \* This brief overview of highlights from the evaluation and consultation suggests the need for new program objectives which focus on project and program management including tenant participation.
- \* Specific objectives, goals and program policy proposals to achieve these ends are outlined below under four headings:

- A. Quality Project Management
- B. Tenant Participation
- C. Program Management
- D. New Partnerships

### A. QUALITY MANAGEMENT

#### OBJECTIVE

To promote quality project management.

#### GOAL # 1. Project Management

To support the provision of quality project management particularly in areas related to the effective maintenance of the physical stock and tenant participation.

#### POLICY PROPOSALS

- A.1 The senior partners responsible for public housing should support the development of a national strategy to improve the qualifications of public housing managers through training and accreditation (with particular focus on more effective physical stock management and tenant participation).

### B. TENANT PARTICIPATION

#### OBJECTIVE

To foster feelings of hope and pride amongst public housing residents and a commitment to self-help, improving living conditions, cost-effective project operations and expanded socio-economic opportunities.

#### GOAL # 1. Partnership Approach

To support a new partnership between public housing providers and residents which provides tenants with a greater voice in ongoing project management, maintenance and services.

## POLICY PROPOSALS

- B.1 A multi-lateral (F/P/T) declaration in support for enhanced tenant participation in the operation of public housing should be issued.
- B.2 The sharing of reasonable costs associated with demonstration projects to test new tenant participation models, including tenant management, in specially targeted projects should be supported. Support could involve: seed funding for new groups and community development assistance.
- B.3 Demonstration projects to test the merits of allowing tenant organizations to share in the financial benefits/savings achieved through their efforts should be pursued.
- B.4 Training aids to facilitate effective tenant participation should be developed.
- B.5 Special awards to publicize achievements in tenant participation should be promoted.

### GOAL # 2. Tenant Management

To support enhanced opportunities for tenants to successfully assume project management responsibilities.

## POLICY PROPOSALS

- B.6 Selected public housing projects should be permitted to be sold / leased to tenant based associations and continue to receive program subsidies subject to an approved operating agreement.

### GOAL # 3. Self-Help

To encourage greater self-help and support within public housing communities to reduce dependency on social safety net services.

## POLICY PROPOSALS

- B 7 In cooperation with other non housing partners, research and demonstration projects should be supported by senior governments which foster self-help in public housing communities as an alternative to the provision of costly services, eg: food buying co-ops, communal meal preparation, shared child care, homework clubs, breakfast programs, joint sports activities, security patrols, friendly visiting, neighbourhood watch, shared support services, etc.



## C. PROGRAM MANAGEMENT

### OBJECTIVE

To ensure an effective accountability framework for public housing.

#### GOAL # 1. Accountability

To ensure federal accountability for public housing and an approach to program management which is consistent with evolving F/P/T arrangements.

### POLICY PROPOSALS

C.1 The management of public housing should be harmonized with the streamlined arrangements developed for the post 1985 social housing programs, eg:

- \* Planning and Monitoring Committees.
- \* Joint operational audits
- \* Three Year Plans (portfolio management component).
- \* Mutually agreed Guidelines.
- \* Enhanced monitoring (stock condition surveys)

C.2 Targeting to core need and policies to help remove residents from core need should be applied to public housing.

## D. NEW PARTNERSHIPS

### OBJECTIVE

To minimize any overlap and duplication of efforts in the management of public housing programs and pursue cost-effective and efficient improvements to the social, physical and management environments.

#### GOAL # 1. Partnership and Support

CMHC should actively foster and support a partnership approach to develop more efficient and cost-effective management of public housing in Canada.

### POLICY PROPOSALS

1. CMHC should make a commitment to facilitate, support and "champion" joint F/P/T cooperative initiatives designed to enhance the management of public housing and reduce costs, eg:

- \* Stock management
- \* Regeneration
- \* System development
- \* Safety and security.
- \* Training: project staff, tenants, portfolio management.
- \* Research and demonstration project management
- \* Provider performance standards and comparative ratings.
- \* Identify and pursue other cost saving opportunities.
- \* Total Quality Management
- \* Energy Efficiency
- \* Tenant Involvement
- \* Contracting out opportunities

## 6. FINANCIAL CONSIDERATIONS

For the most part, the proposals which respond to the various public housing issues and concerns raised in the evaluation and consultation can be implemented, even assuming that no related savings could be achieved, without having a significant impact on program expenditures and subsidies. What is needed is a clear signal from the senior governments to foster the changes that are needed.

The following table provides an estimate of the supportable cost for the various initiatives proposed in this paper on a national basis over the next five years, before cost sharing. The are grouped by objective under the three theme areas related to the social, physical and management environments. Projected expenditures are described under two headings: Operations and Development. These pertain to costs that could be funded as regular program operating subsidies and as special one-time program development or improvement initiatives respectively.

ESTIMATED FINANCIAL IMPACTS  
(TOTAL COST BEFORE SHARING)

INITIATIVE	FIVE YEAR COST PROJECTION	
	OPERATIONS \$ M	DEVELOPMENT \$ M
SOCIAL ENVIRONMENT		
1. Project Living Environments		.600
2. Community Integration		.300
3. Social Investment	3.500	4.800
PHYSICAL ENVIRONMENT		
1. Stock Management	1.000	.200
2. Regeneration	121.400	.200
MANAGEMENT ENVIRONMENT		
1. Project Management	.700	.300
2. Tenant Participation	1.800	.900
3. Program Management		
4. New Partnerships		.900
TOTAL	128.400	8.200

The proposals will require further elaboration once there is some indication that they are targeted at agreed priority areas. Further work will also be required, once priorities are established, to project probable savings that could be achieved as a result of the various initiatives to help reduce subsidy costs over the longer term.

It should be assumed, for review purposes, that the Federal share of the proposed expenditures will be 56 per cent, based on the cost-sharing ratios averaged across the section 79 and 82 portfolios.

The overall projected cost of regeneration, including both Federal and Provincial contributions, totalling \$121.4 million will be 1.5 percent of total program operating costs (including amortization) over the five years assuming no other increases. Over the five years, the regeneration budget will be approximately 13 per cent of the modernization and improvement budget, assuming it remains constant at 1992-93 levels.

Other operating and development costs associated with implementing the proposals in this paper are estimated at \$15.2 million over the next five years, with the Federal share expected to be \$8.5 million. The initiatives contemplated relate to social investment, tenant participation, staff and tenant training, research and promotion. In total, these additional costs represent some 0.2 per cent of overall program operating costs assuming that there will be no inflation or deflation of other subsidies, program operating costs and revenue from 1992-93 levels.

## **7. LEGAL CONSIDERATIONS**

CMHC is confident that authority is now available to proceed on most of the initiatives proposed in this paper. Details can be discussed during the consultation. The results may yield further legal authority issues that will have to be addressed.

F/P/T agreements will need to be amended to permit some initiatives to proceed.

## **8. CONCLUSIONS**

The public housing evaluation suggested that public housing programs were successful in providing housing assistance to low income households and that generally the program was operating quite successfully.

The policy review has also concluded that the major features of the public housing program should be maintained. Some improvements related to the social, physical and management environments have been proposed to ensure that:

1. To provide safe, secure and healthy housing communities and promote access to community based services and facilities to meet the needs of residents.
2. To ensure projects are appropriately integrated into local communities and neighbourhoods.
3. To facilitate and support opportunities for as many residents as possible to become self-sufficient and independent of government support.
4. To maintain projects at a reasonable standard across Canada.
5. To help eliminate obsolescence, improve living conditions and maximize the utilization and performance of assets through redevelopment, intensification and the sale of obsolete and/or surplus land/projects.
6. To promote quality project management.
7. To foster feelings of hope and pride between providers and residents which provides tenants with a greater voice in ongoing project management, maintenance and services.
8. To ensure an effective accountability framework for public housing.
9. To minimize overlap and duplication of effort in program management and pursue cost-effective and efficient improvements to the social, physical and management environments.

Provinces and Territories are requested to review and consider the objectives and policy proposals being set out in this paper and respond to CMHC, either in writing or joint meetings before the end of September 1993. All the proposed objectives, goals and policy proposals are open for comment before CMHC finalizes its position on the policy review.

In order to specifically address issues related to regeneration, Provinces and Territories are requested to update their plans in this regard and advise CMHC of their specific project priorities, the expected cost and the probable time-frame for planning and conducting the work. This information is essential to assess the adequacy of the proposed budget and expected cash flow over the next five years.

CMHC greatly appreciates the cooperation it has received from all Provinces and Territories throughout the public housing policy review and the patience of those who have been waiting a long time to study the proposed new directions. It is hoped that in this spirit of cooperative enterprise, the review can now be completed in a timely fashion and the implementation of needed changes can commence.

## APPENDIX A

### STAKEHOLDER CONSULTATIONS

#### ROUND ONE

- |    |                         |  |
|----|-------------------------|--|
| 1. | October 1990 - May 1991 | Sixteen workshops were held with small groups of public housing tenants in all provinces and territories (two in Quebec and four in Ontario).  |
| 2. | December 1990           | The Public Housing Consultation Paper was sent to some 2000 people and organizations, requesting a written response by March 1991.   |
| 3. | March 1991              | Approximately 80 written responses to the Consultation Paper were received from provinces, municipalities, other federal departments, tenant organizations, tenants, interested individuals and national stakeholder groups such as: Canadian Home Builders Association, Co-operative Housing Federation of Canada, Canadian Housing and Renewal Association and the National Anti-Poverty Organization. |
| 4. | April - May 1991        | Bi-lateral meetings were held with provinces and territories.<br>Meetings with public housing neighbours were held in selected capital cities.   |
| 5. | July - September 1991   | Bi-lateral meetings were held with national stakeholder groups and other federal departments: CHBA, CHRA, CHF, NAPO and Health and Welfare Canada.   |
| 6. | July 1991               | Report on the Tenant Participation Workshops produced.   |
| 7. | October 1991 -          | National Consultation Summary Report produced.   |

#### ROUND TWO

- |    |               |   |
|----|---------------|---|
| 1. | November 91   | Multi-lateral meetings held with provinces and territories (Saskatchewan and Quebec did not attend).                    |
| 2. | December 91   | Multi-lateral meetings held with provinces and territories (Alberta, Saskatchewan, Manitoba and Quebec did not attend). |
| 3. | January 1992  | Multi-lateral meeting held with Alberta, Saskatchewan and Manitoba.   |
| 4. | February 1992 | A national two day meeting with some 50 public housing tenants from across Canada was held in Ottawa.                   |

#### SUPPLEMENTARY SURVEYS

- |    |                        |  |
|----|------------------------|--|
| 1. | January 1992 - Ongoing | Some Provinces and Territories provided information about potential regeneration candidates. |
| 2. | March 1992             | Supplementary Survey of Public Housing Managers.   |

## APPENDIX B

### PROGRAM PROFILE

#### A. STOCK PROFILE

- \* Public housing was developed under two distinct programs:
  - \* The NHA section 79 portion of the portfolio (41,000 units) is jointly owned 75/25 per cent by the federal and provincial/territorial governments respectively with operating subsidies shared on the same 75/25 per cent basis.
  - \* The NHA section 81/82 portion of the portfolio (164,000 units) mostly developed through direct loans for 90 per cent of the capital costs, is owned by provinces and territories with operating subsidies shared on a 50/50 basis for up to 50 years.
- \* Public housing represents about 40 per cent of the social housing stock and some 30 per cent of annual federal expenditure on social housing.
- \* The average age of the public housing portfolio is around 20 years.

#### B. SUBSIDY REQUIREMENTS

- \* The gross annual budget for public housing in fiscal year 1992-93 was \$980.9 million or \$4,767 per unit. The Federal share of this was \$549.5 or 56 per cent.
- \* Since 1988, operating revenues based on the application of a rent-to-income scale, have increased on average 3.8 per cent, which is equivalent to the increase in total operating costs.
- \* Since 1988, operating costs net of amortization have increased on average 6.6 per cent per year. This compares to the average annual inflation rate of 4.5 for the housing components in the Consumers Price Index over the period 1988 - 1992.
- \* The major increase in operating costs has been related to modernization and improvement (M & I) which has increased on average 10.1 per cent annually between 1988 and 1993. This rate of increase is expected to fall back significantly in the 1993/94 fiscal year due to government restraint initiatives.
- \* Some 30 per cent of gross operating costs are represented by the amortization of capital debt. A decline in amortization will not be significant until the 2010 - 2020 period. The majority of loans will be paid out by 2030.

#### C. CLIENT PROFILE

- \* Public housing projects serve both families (44 per cent of units) and seniors (49 per cent of units) as well as providing some accommodation for mixed groups (7 per cent of units).
- \* According to a CMHC survey conducted as part of the evaluation, the majority of public housing residents (50 per cent) were either children under 15 or senior citizens.
- \* Half the household in family projects were lone parent families as compared with 13 per cent amongst all renter households.
- \* Half those surveyed indicated they had not attended high school. Half the residents in family projects were on social assistance.
- \* Well over half the respondents had lived in public housing for over five years and few expressed any intention of moving.



## APPENDIX C

### SCOPE OF

### MAINTENANCE & REPAIR - MODERNIZATION & IMPROVEMENT - REGENERATION

MAINTENANCE & REPAIR	MODERNIZATION & IMPROVEMENT	REGENERATION
<p>Ordinary maintenance is considered to be the ongoing work associated with maintaining project / building components at, or close to, the purpose for which they were originally designed, without adding appreciably to the value or reasonable life expectancy of those components. This includes:</p> <p>a) <u>Site</u> - grounds upkeep and repair;</p> <p>b) <u>Buildings</u> - regular maintenance and repair of heating, ventilation and plumbing systems and appliances;</p> <p>c) <u>Units</u> - cyclical painting, repairs to units, doors, windows, plumbing, etc.</p>	<p>M &amp; I includes the work associated with upgrading and replacing components where they become physically obsolete, so that the facility can continue to provide the service for which it was originally designed. Such work will always add value and economic life to project components. This includes:</p> <p>a) <u>Replacements</u> - items having a shorter life span than the building structure, eg: appliances, carpets, roof members;</p> <p>b) <u>Modernization</u> - this allows the "upgrading" of the items in (a) to current standards to save money over the long term and lower maintenance costs, eg: electrical, plumbing and heating systems, bathrooms, fixtures;</p> <p>c) <u>Improvements</u> - necessary structural changes which increase the economic life of the project, eg: foundation work;</p> <p>d) <u>Enhancements</u> - work required to enhance building security, provide accessibility for the disabled or accommodate aging in place;</p> <p>e) <u>Conversions</u> - a few residential units to social and support purposes or different household sizes.</p> <p>f) <u>Modifications</u> - on-site road realignments, site improvements and limited demolition.</p>	<p>Regeneration involves major modifications, usually to an entire project due to physical, social or functional obsolescence through <u>major modernization and improvement</u> as well as redesign and redevelopment. This includes:</p> <p>a) <u>Replacements, Modernization, Improvements and Enhancements</u> - comprehensive repair, replacement or improvement, of structures, systems or sites as well as major enhancements to improve accessibility and better meet the safety, security and service needs of residents;</p> <p>b) <u>Conversions</u> - reconfiguration of units and bedrooms throughout the project to better meet client needs;</p> <p>c) <u>Redesign</u> - change a project's image or appearance and modification to site plans to provide for greater community integration, improved traffic flows and parking, improved tenant security and sense of community and the addition of facilities to meet client needs;</p> <p>d) <u>Redevelopment</u> - integration of alternative land uses on to project sites (eg: commercial facilities), the sale of surplus land, increased site density to provide more housing units as well as unit or project demolition and reconstruction on the same or another site.</p>