



NATIONAL INDIAN HOUSING COUNCIL
ASSEMBLY OF FIRST NATIONS

CMHC

ON RESERVE HOUSING

PROGRAMS

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SUMMARY REPORT
EVALUATION
OF
CMHC ON-RESERVE
HOUSING PROGRAMS

SUBMITTED TO:

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EXECUTIVE SUMMARY

The purpose of this paper was to examine the issue of CMHC housing programs on reserves. In addition to completing a review of the programs, relevant data collected was used to examine specific areas of housing program delivery and management. The specific component of the report focuses on the bands ability to assume control of housing.

"1977 Housing Policy for Indians on Reserves," in part:

"To develop a new delivery system responsive to Indian decision making, supportive of the concept of Indian people managing their own affairs and flexible in meeting a wide range of differing housing needs and local conditions.

To place responsibility for the design; construction and management of Band housing programs in the hands of the Band Councils."

The basic focus of this paper will be on this issue of band control and management.

The meetings held throughout the country focused on the comments of the report. Data collected which, in the opinion of the people involved in the project, was not relevant to CMHC evaluation of its programs on reserve is not included. The data referred to INAC allocation formulae, crude cost estimates, economic benefits, dry statistics, regional disparity, missing basic amenities, delivery system component, encouragement of acquisition of skills, etc.

Further to the comments/recommendations of the paper, we have attached two appendices:

1. Time frames/Training

- We try to project the roles, responsibilities, meetings, etc, required in project development to construction completion and post occupancy periods. The main focus of this appendix is to identify the training needed to train the band housing management. These are comments and observations compiled during the project.

2. Housing Council Meeting

- These are the minutes of a typical meeting held at a regional level to discuss:
 - a) Preliminary findings of an Evaluation of CMHC On-Reserve Housing Programs;
 - b) Draft Summary of Findings of CMHC On-Reserve Program Evaluation.

Our findings would indicate that CMHC programs on reserve are meeting CMHC's basic objectives. Conversely, the bands' objectives are probably not mentioned for various reasons, politically or otherwise. The mere presence of CMHC rental housing program and debt financing programs in housing on reserves brings to light new demensions of responsibility. CMHC should either:

1. Assume total control of the program, its policies,

et el;

2. Relinquish all control to INAC, the agency responsible to provide shelter to Indians on reserve.

The Band Councils would then deal directly with one government agency.

INTRODUCTION

The purpose of this report is to provide input from Indian people to CMHC's evaluation study of its housing programs operating on reserves.

The following CMHC programs operate on reserves:

Non-Profit Housing (Section 56.1). This program provides funds to bands for the construction of housing, with a subsidy equivalent to the difference between market interest rates and a 2 percent rate of interest.

Residential Rehabilitation Assistance Program (RRAP). Through this program, funds are provided to bands or individuals to rehabilitate existing housing. Loans of up to \$25,000 are available, with up to \$5,000 in the form of a grant.

Direct Lending. Repayable loans at market interest rates are provided directly by CMHC to bands or individuals.

Insured Lending. CMHC works with private lenders to encourage them to provide loans at market rates on reserves.

The intent of the CMHC programs is to support and/or share responsibility with INAC housing programs to provide decent housing on reserves for families and individuals.

In most cases, CMHC programs operate in conjunction with INAC programs. INAC provides capital contributions for new construction and the repair of existing housing. Special allowances

and economic subsidies are supplied to compensate those bands with weak economic bases.

The Canadian Employment and Immigration Commission (CEIC) also provides job creation funds, often specifically targetted at housing.

To maintain credibility of our comments, we must realize that, from our point view, we must refer to other government programs which affect housing on reserves.

THE CMHC ON-RESERVE PROGRAMS

Non-Profit Housing (NHA 56.1). This program provides funds to Indian bands for the construction of housing, with a subsidy equivalent to the difference between market interest rates and a 2 percent rate of interest.

Section 56.1 of the N.H.A. is the main thrust from CMHC to augment the capital contributions of INAC to provide for new construction of housing on reserves. Bands who have relied exclusively on INAC capital contributions have not been able to achieve the same levels of improvements as those bands which have employed both INAC and CMHC programs. Those bands who have relied on INAC contributions only, have tried to utilize CEIC job creation funds. This process has seen some success on some reserves. For those reserves who employ all of these sources; INAC, CMHC, CEIC, have experienced the greatest improvements with the le st debt financing to provide adequate housing for families and individuals.

The stated provision of technical support, start-up funding from CMHC in conjunction with 56.1 assistance ensures support

to INAC, as the lead agency in matters pertaining to policy and programs.

The overall INAC ORHP cannot operate in a vacuum. It is a complex procedure characterized by many people with blurred responsibilities.

This report does not wish to elaborate on the levels of activity that CMHC non-profit housing program generates. We merely wish to acknowledge that, factors which govern health, safety are being met with reasonable success. Other factors which provides infrastructural amenities are far less than adequate. As an example, on some reserves houses are being built on sites which are fairly remote from access roads. One would surely assume that CMHC in its technical support services role, would point to a problem such as this, with proper recommendations as how to resolve it. In these instances, responsibility for site location or selection seems to be a blurred role on which agency has the ultimate responsibility. There is real need to clearly define this role, it either has to be CMHC or INAC, not both agencies blaming one another.

Factors which govern the amount of subsidy must be addressed as a national directive without causing undue harm to bands. In most provinces, the inclusion of a land value to the total project capital costs tends to increase the viability of a project by a proportionate increase in subsidy without affecting debt retirement.

We must remember that it is through the administration of the National Housing Act by CMHC that is making it mandatory for bands to enter into rental housing. Rental Housing is a new concept to reserves. Our people have not paid rent on reserves.

We must assume that, chronic dependency upon the INAC ORHP (exclusively) might produce a poor performance in rental revenue being received. We must be flexible and to tolerate in expecting these changes to occur. There is a period of time that should be considered as "orientation" to this concept. The Chiefs and Councils are grappling with this problem at the reserve level.

As in any other rental housing program, the bands are experiencing management difficulties due to inadequate resources being made available. Roles and responsibilities are blurrily defined for CMHC and INAC in the program. Roles and responsibilities for the bands are clearly defined; deliver, administered, and manage without or minimal financial resources.

INAC has the lead role to provide shelter to bands. INAC also has the role to provide management expertise and/or training discussion stages, preliminary planning stages, development stages, construction stages, post construction stages, financial and property management. The bands have to administer the program for a long time. In most cases, an INAC person visits the band at least once during this time, and usually it is only for a couple of hours.

Training is non-existent for management.

CMHC must communicate and elaborate with band administrators the conditions of the agreements with which the Band Councils must enter into with CMHC. These agreements must be very clear, concise and understood by all parties prior to any undertaking. The procedures and guidelines must be instituted. The timeframes and scheduling of various events must be documented and the roles and responsibilities of the actors involved

must be spelled out. We must assume that bands have had not assumed any property management responsibilities related to rental housing.

Maintenance procedures for housing must be instituted, if we expect the bands to maintain the units, at least, for the duration of the loan retirement period. Resources must be made available to bands, either through government sponsored seminars, workshops and on-the-job training with recognized and successful Non-Profit Housing Groups, funded by government. Core funding for band housing groups must be considered. This should be discussed jointly by INAC and CMHC. The thrust to, sound band housing management must be regarded as a high priority if we are to anticipate the greatest return for dollars expended.

Communications at all levels of INAC and CMHC must be co-ordinated with Band Councils. CMHC and INAC must assume and accept the consequences of rental housing on reserves, should any projects encounter difficulties beyond the bands' control, if communications are lacking. The bands' management procedures require that diarized documentation be maintained for any eventuality. CMHC National office cannot afford to assume that communications are being maintained at the Regional and District levels, they must insist that this process is taking place, by recommending the setting up of joint tri-partite committees, to ensure the program objectives are being met. Policies are made at National office, Regions and Branches/Districts only administer these policies.

Market Rents should be reviewed and should reflect reasonable conditions. Market rents currently vary from project to project within the same band. We would assume market rents established

by CMHC are the same for all projects within the band. Market rents, prior to being implemented should be conveyed to band housing management, well in advance of implementation. Market rents (low end of market) play a very integral role in the bands' operational forecasting.

Basically, people on reserves are poor. Employment opportunities are lacking. CMHC's program produces the units required. Once a unit has been constructed and the tenants assume occupancy, the unit must be furnished. The tenants lack the resources to furnish the units. Most often, we are forcing the tenants to venture deeper into debt to furnish the houses, which they cannot afford to do. It is tough enough to eke out a meagre existence. For people who have had not the experience of borrowing money, paying rent, this is indeed a great difficulty. From experience, those units that are furnished properly by the tenants tend to become the units that are maintained quite effectively by the tenants, and conversely, the sparsely furnished units tend to be neglected. Counselling is part of the answer, but counselling does not buy furniture.

There are numerous other elements in the delivery of housing that must be addressed. We are confident that, through proper training and improved communications, the band housing administrators will be able to gain experience in these fields. During the course of this contract (project), we were advised by one band that during their own two day seminar, they were able to identify in excess of 70 elements which affect administration, management, development, planning and construction.

RESIDENTIAL REHABILITATION ASSISTANCE PROGRAM (RRAP)

Objective of RRAP:

- to provide assistance to residents of substandard housing on the basis of need;
- to improve substandard housing to an agreed level of health and safety;
- to ensure that the quality of repair and improvement substantially extends the useful life of each housing unit;
- to promote an acceptable level of maintenance of the existing housing stock.

RRAP has provided an improvement to the dwellings in providing basic amenities. Most bands have utilized only the fore-giveable portion of RRAP.

Piggy backing RRAP with INAC renovation assistance in conjunction with CEIC job creation funds is commendable. The integration of this type of programme is time consuming, lengthy discussions, lengthy planning and concerted effort in co-ordination. This becomes a problem in that 3 government departments are involved, the band housing program people, CEIC outreach workers and social development workers of the band.

This program appears to be reasonably successful, for its intended purposes.

OTHER CMHC PROGRAM

- Direct Lending - no comment

- Insured Lending

Insured Lending, its impact and the functions should be elaborated in greater detail to band housing management. The flow charts for insurance, who insures who, from where and what happens if a band defaults in its loan. Alternative paths of assistance flow should be discussed.

- Home Ownership

During the course of the project, we received numerous requests about home ownership status for reserves and also for off reserves.

Home ownership should be considered seriously, in conjunction with some form of assistance.

TIME FRAMES/TRAINING

1. APRIL
DIAND STAFF AND/OR CMHC STAFF TO PROVIDE A GENERAL OUTLINE OF PROGRAM. THIS IS TO INCLUDE PROCESSING, PROCEDURES AND OBLIGATIONS BEING ASSUMED BY BAND AND COUNCIL.
2. APRIL
THE BAND COUNCIL TO DETERMINE AND RECOMMEND THE PERSONNEL FROM WITHIN THEIR STAFF WHO WILL ASSUME CERTAIN RESPONSIBILITIES.
3. APRIL
THE PEOPLE SELECTED IN SECTION 2 WILL UNDERGO A VERY INTENSIVE SHORT SEMINAR, REGARDING RENTAL HOUSING AND RESPONSIBILITIES.
4. APRIL
PEOPLE (see 2) WILL FORM HOUSING COMMITTEE, AS APPOINTED BY CHIEF AND COUNCIL. THIS COMMITTEE WILL BE CHAIRED BY THE COUNCILLOR, WHO HOLDS THE HOUSING PORTFOLIO.
5. APRIL
HOUSING DIRECTOR, WHEN SELECTED (IF FROM THE RESERVE) WILL BE RECOMMENDED TO ATTEND AN ORIENTATION COURSE/VISIT TO AN EXISTING HOUSING AUTHORITY WITHIN THE PROVINCE TO FAMILIARIZE WITH PROCEDURES, PROCESSED AND ADMINISTRATIVE POLICIES.
6. APRIL
THE HOUSING COMMITTEE WILL SELECT THE INDIVIDUALS/FAMILIES WHO WILL BE PARTICIPANTS IN THE PROJECT. THE FINAL DECISION FOR SELECTION OF THE PARTICIPANTS WILL BE THE RESPONSIBILITY OF CHIEF AND COUNCIL.
7. APRIL
DIAND AND CMHC WILL MEET WITH CHIEF AND COUNCIL, HOUSING COMMITTEE AND SELECTED/RECOMMENDED PARTICIPANTS TO REVIEW PROGRAM AND ANSWER ANY QUESTIONS.
8. APRIL
INFORMAL COUNSELLING IN:
A- FORMS COMPLETION
B- CONSTRUCTION METHODS
C- TENDERING PROCEDURES
D- BOOK KEEPING REQUIREMENTS
E- MAINTENANCE
F- INSURANCE
G- MANAGEMENT
H- SUBSIDIES
I- CONTINGENCIES

9. APRIL
- INFORMAL WORKSHOPS WITH DIAND AND CMHC TO EXPLAIN:
A- RENTALS
B- SUBSIDIES
C- RENT TO INCOME
D- INSPECTIONS
E- INSURANCE
F- LANDSCAPING
G- MAINTENANCE
H- BUDGETING FOR FAMILIES
I- OTHER
10. APRIL
- HOUSE DESIGN SELECTION:
A- PARTICIPATION BY CLIENTS
B- CHOICE OF DESIGNS (APPROVED)
C-MODEST
D- OTHERS
11. APRIL
- HOUSING PACKAGE COSTS WILL BE ESTIMATED FOR BUDGET PURPOSES AND TO MEET REQUIREMENTS. CMHC TO INSPECT SITES SELECTED FOR CONSTRUCTION
12. APRIL
- IF PROJECT MEETS REQUIREMENTS:
A- PREPARE TENDER DOCUMENTS
B- CALL TENDER
C- CLOSE TENDER
D- REVIEW PROJECT COSTS
13. JUNE
- PREPARE THE FOLLOWING:
A- PROJECT PROPOSAL BASED ON ACTUAL COSTS.
B- SUBMIT PROPOSAL TO CMHC FOR FINAL APPROVAL INCLUDED:
- PROPOSAL PACKAGE
- COSTS
- CMHC 1675
- CMHC 301
- BCR - ministerial guarantee
- PLOT PLANS
- ENGINEERED TRUSS DESIGNS
- HEATING LAYOUTS
- HOUSE PLANS
- CMHC SPECIFICATIONS
- FORMAL TENDER PACKAGE
- TENDERS RECEIVED
- CONSTRUCTION SCHEDULE
- PERSONNEL IDENTIFICATION

3.

- CONSTRUCTION CONTRACT (UNSIGNED)
 - MANAGEMENT PLAN
 - CONTRACTURAL ADMINISTRATIVE PLAN
14. JULY EXECUTE CONTRACT DOCUMENTS AFTER APPROVALS RECEIVED
- COMMENCE CONSTRUCTION
15. JULY COMMENCE COUNSELLING WITH CLIENTS, HOUSING AUTHORITY, COUNCIL
- ON GOING INSPECTIONS
 - ON GOING CONTRACT ADMIN.
 - ORDER APPLIANCES
 - ON GOING COUNSELLING
 - PREPARATIONS FOR FURNITURE, DRAPES, CURTAINS, ETC.
 - PREPARATIONS FOR ADMINISTRATION
16. AUGUST CONFIRM CLIENT SELECTION (FINAL)
- PREPARE FINAL FORMS
 - INDIVIDUAL COUNSELLING
 - ON GOING COUNSELLING WITH HOUSING COMMITTEE
 - ON GOING COUNSELLING AND ON THE JOB TRAINING FOR HOUSING DIRECTOR
 - INSPECTIONS
 - PAYOUTS/INTERESTS
17. SEPT
- INSPECTIONS
 - COUNSELLING
 - MEETINGS WITH BAND COUNCIL, CMHC AND DIAND
 - ON JOB TRAINING FOR HOUSING DIRECTOR AND FINANCE STAFF
 - PAYOUTS
 - CONSTRUCTION SCHEDULE

18. AUG
- INSPECTIONS
 - COUNSELLING BY GROUPS AND PERSON TO PERSON OF CLIENTS
 - MEETINGS WITH COUNCIL, CMHC, DIAND
 - CONFIRM ORDER APPLIANCES
 - OJT FOR HOUSING DIRECTION
 - ON GOING COUNSELLING WITH HOUSING COMMITTEE
 - CONFIRM CONSTRUCTION SCHEDULE
19. OCT
- PREPARE MANAGEMENT PLANS, INTERNAL FORMS, PROCEDURES, INFORMATION FLOWS, ETC.
 - INTENSIVE SEMINAR FOR HOUSING STAFF AND AUTHORITY/COMMITTEE
 - INSPECTIONS
 - CONSTRUCTION SCHEDULE
 - MEETINGS WITH COUNCIL, HOUSING COMMITTEE, DIAND, CMHC AND CONTRACTOR
 - OJT FOR HOUSING DIRECTOR WITH AN EXISTING HOUSING AUTHORITY WITHIN THE PROVINCE
 - OJT FOR HOUSING DIRECTOR AND FINANCE STAFF WITH CMHC STAFF AND SETTING WITHIN THE AUSPICES OF CMHC OR OHC
 - PAYOUTS
 - CONFIRM CLIENT SELECTION
 - ON GOING COUNSELLING WITH CLIENTS
20. NOV
- INSPECTIONS
 - CLIENTS SIGN FORMS
 - GRADUAL TAKEOVER BY HOUSING DIRECTOR
 - FINALIZE ADMINISTRATIVE PROCEDURES
 - FINALIZE AGREEMENTS
 - PAYOUTS
 - PREPARE FINAL COSTS
 - ON GOING COUNSELLING WITH CLIENTS
 - PREPARE ORIENTATION FOR CLIENTS FOR OCCUPANCY
 - APPLIANCES ARRIVE
 - MEETING WITH COUNCIL, COMMITTEE, CMHC, DIAND AND CLIENTS - INFORMAL DISCUSSIONS AND QUESTIONS
21. DEC
- CONSTRUCTION COMPLETION
 - FINALIZE COSTS
 - INTEREST ADJUSTED
 - FINAL INSPECTION
 - GRAND OPENING
 - CLIENTS MOVE IN
 - PREPARE AUDIT

5.

- ON GOING COUNSELLING WITH CLIENTS
- INTRODUCE REPORTING PROCEDURE FOR MAINTENANCE, ETC.

HOUSING COUNCIL MEETING
F.N.C. Boardroom
October 23, 1985

"DRAFT" MINUTES

Present: Robert Major, Roseau River
Ron Albert, National Indian Housing Council
Thomas Downie, D.O.T.C.
Simon Prince, D.O.T.C.
Dave Daniels, D.O.T.C.
Ron Irwin, D.O.T.C.
John Meeches, Long Plain
Wesley Chaske, Oak Lake Sioux
Clarence Eastman, Oak Lake Sioux
Henry Antoine, Roseau River
Vincent Pierre, Roseau River
Herman French, Swan Lake
Benoit Gauthier, C.M.H.C.
Trevor Gloyr, C.M.H.C.
Marianne Long, C.M.H.C.
Dale Walls, C.M.H.C.
Laurie Everett, F.N.C.

The meeting started at approximately 10:30 a.m.

Benoit Gauthier reviewed and referred to two evaluations:

- 1) Preliminary Findings of an Evaluation of
CMHC On-Reserve Housing Programs
 - 2) Draft Summary of Findings of
CMHC On-Reserve Program Evaluation
- CMHC involvement on-reserve includes: non-profit housing (Section 56.1), Residential Rehabilitation Assistance Program (RRAP), direct lending, insured lending, and support mechanisms such as building inspection, contractor selection, and design consideration.
 - INAC is the lead agency for policy delivery and to make programs available.
 - CMHC is there to add to the funds on-reserve, as far as housing goes.
 - The evaluation process for INAC and CMHC started in 1983.

- There are two main programs with their own objectives. Both are to help INAC carry out its responsibilities.
- Non-Profit (Section 56.1) Housing assistance is used or combined with INAC capital grants. RRAP assistance is used with INAC renovation subsidies. 64% of the Bands in Manitoba have worked with some combination of the programs.
- From 1979 to 1984 there were 528 Section 56.1 units in Manitoba and 1,137 RRAP renovated units.
- Evaluation research has indicated that \$64,000 is the average cost unit. 8,400 new units would have to be built to address the need of replacement and crowding, 10,000 additions or extensions to address crowding, 15,300 units need major repair, and 13,200 units require basic facilities.
- Each program is to provide modest, affordable housing. Non-Profit (Section 56.1) is to provide low income housing on reserves.

93% of the units are built within the maximum unit price.

The average unit size is a little bit larger, at 1,005 square feet.

Most say it is affordable.

The average shelter cost is \$37.00

Modest housing is that the houses were built within the CMHC prices. There is not too much space for the people living in the house. A house within the CMHC guideline prices and not considered luxurious is considered modest.

Generally speaking, the houses are modest. Secondly, they are appropriate. Space is adequate. The houses have basic facilities. Only 55% of INAC units built in the last five years have all the basic facilities.

- RRAP has four objectives:
 - to assist residents in their housing on the basis of need,
 - to improve housing,
 - to ensure the extension of useful life, and
 - to promote maintenance by the occupants.

RRAP does have a good impact. The \$5,000 forgivable loan is not enough. After that, there is still \$5,100 to be done in repairs.

Question to CMHC representatives:
Will that \$5,000 be increased?

CMHC Response:
It could be recommended. When we talk about RRAP on reserve, we are talking about forgivable loans.

Question to CMHC representatives:
You don't expect the Bands or Indian Affairs to contribute?

CMHC Response:
The renovation could be stacked.

Question to CMHC representatives:
You are saying they are piggy-backing the programs?

CMHC Response:
Yeah. RRAP units tend to be in better shape than INAC units.

The RRAP unit loan has now been adjusted to \$25,000 (maximum loan amount that is repayable) and based on how much Indian Affairs is willing to pay back. We tend to discourage anything less than full repair. Often, you can't do it for the forgivable amount. There is an absolute need for Indian Affairs to make a contribution.

Question to CMHC representatives:
So, many of these houses were not finished properly? We are dealing with a program that is trying to finish houses that weren't built right to start with.

CMHC Response:
That's what we recognize at the national level as well. We have similar conditions. After RRAP, outstanding repairs cost an average \$5,100. The final objective is to promote occupants to better repair their houses.

Regarding direct lending, CMHC will pay back in case of default on the program.

Question to CMHC representatives:
If someone defaults on the loan, what happens to that community?

CMHC Response:
That comes up every time we have a discussion. We won't penalize the rest of the reserve if one person defaults on a loan.

Comment to CHMC representatives:
Regarding those RRAP loans - Roseau River just received the promissory note and nowhere does it say the Band is responsible for those loans. We have been penalized by Indian Affairs and that put our housing on hold.

CMHC Response:

If we are going to deal with the Band, the promissory notes should be with the Band. We will make that adjustment.

Comment to CMHC representatives:

The Roseau River Council did sign that note.

CMHC Response:

We will amend our procedures.

Comment to CMHC representatives:

There are two other items creating problems for us (Roseau River). One is we had a burnout two years ago and we went to Indian Affairs. All of our 51 units are insured.

CMHC Response:

We can't require you to put insurance on houses at the Band, but we can resolve that burnout for you.

Comment to CMHC representatives:

We have resolved it as well. The other thing is when a person is deceased.

CMHC Response:

If a Band is prepared to accept ownership ...

Comment to CMHC representatives:

That's under the RRAP program.

CMHC Response:

On-reserve, we don't have that ability. As long as it is going to be in the Band's name, you take on responsibility.

Question to CMHC representatives:

That was a RRAP unit. Why should the Band Council take on that responsibility? It should either be life insured or some other.

CMHC Response:

It shouldn't be that way. Usually the house goes on to the next of kin.

Comment to CMHC representatives:

It would have to be through a life insurance policy.

CMHC Response:

Because this was in the individual's name, as long as the Band takes on the loan we can insure the Band continuing the loan.

Question to CMHC representatives:

What happens if it is in the red?

CMHC Response:

We would have to write that off.

Question to CMHC representatives:
Are the RRAP loans insured?

CMHC Response:
No.

Comment to CMHC representatives:
What about when a person turns 65 and gets old age pension and the Band was paying. Do you know the difficulty in getting the payment from them?

CMHC Response:
(Inaudible)

Comment to CMHC representatives:
One of the things we would like to see in Roseau River, because we are responsible for those units, is we would like to roll all those projects into one. It would be a lot cheaper for us in terms of one project.

CMHC Response:
I thought of that too and it would be cheaper for us too.

Question to CMHC representatives:
The house belongs to the Bands. How does it affect a person's wages? The Band is still responsible for fixing that house.

CMHC Response:
As long as the payments are current we will make the payments. Lately, in several of the Bands, the work for various reasons, is not complete. When a unit is completed, the full work has to be finished in the first part.

Comment to CMHC representatives:
Regarding insurance - in case of a burnout, in the National Housing Act it states that "any loan made by the corporation, that loan has to be insured". Any kind of loan, whether it is assistance or a loan, that loan has to be insured and the corporation has to get a copy.

CMHC Response:
You mean fire insurance?

Answer to CMHC representative:
Yeah.

CMHC Response:
Whether we can make it an absolute requirement, I don't know.

Question to CMHC representative:
For example - mortgage insurance.

CMHC Response:

For new Section 56.1 projects we provide insurance, because you can't take title to the property. For forgiveable loans we take a promissory note.

It is a requirement of the Bank Act that the lender come to us or ... We don't require mortgage loan insurance if the loan is less than \$10,000. The Ministerial guarantee is the last resort.

Question to CMHC representatives:

On the Rural Native Housing Program - on a RRAP loan that goes into default, what do we do?

CMHC Response:

We write them off, if it is a non-collective loan.

Recognizing that the amount is nominal it could be recommended. Fire insurance could be provided, say \$500 for five years.

If there is a difficulty in getting replacement, we would be receptive to that kind of idea, because we are not talking about a great deal of money.

CMHC LENDING PROGRAMS:

- There are two programs and two objectives:
 - 1 - to encourage a greater level of private lender activity on reserves.
 - 2 - to provide loans to those not adequately served by private lenders.
- Section 56.1 housing has shown a very significant increase. 90% of the money was given to Bands for 56.1 projects.
- The number of private lenders active on reserve is 40.
- Default rates are very low.
- Individual loans for new construction are not financed by private institutions.
- The default rate for individuals is fairly larger.
- Another objective is to support INAC objectives.

There are four objectives:

- 1 - provision of housing subsidies

- 2 - funding co-ordination
 - 3 - increased Band role for Bands
 - 4 - direct delivery of housing units.
- Observations are that CMHC has provided financial assistance to Bands since 1978. CMHC has not doubled the INAC assistance but it has helped.

Comment to CMHC representatives:
The standard is 30 years.

CMHC Response:
The average is 26 years.

Question to CMHC representatives:
Could it be brought down to 20 years?

There are Bands that are doing amortization rates of 10 to 15 years.

CMHC Response:
It depends on projects. The more you can pay, the shorter the amortization rate.

Comment to CMHC representatives:
There is no training being allowed to housing officers on reserve. INAC is not doing that. The community is doing that.

CMHC Response:
The Bands have to have the major role in 56.1 projects.

Response to CMHC representative:
The dollars that are contributed to 56.1 are ours.

In Ontario INAC is very specific in their BCR's. It says the departmental contribution in their equity portion, that if that is not in there, the Ministerial guarantee will be refused.

CMHC Response:
The second aspect of the findings is funding co-ordination. The Bands rate it very ineffective. INAC office says they have a lot of problems with our paper work and program delivery.

The third objective is to increase the role of the Bands. 56.1 requires Bands to take the lead role. RRAP can be delivered directly, but not non-profit housing.

Question to CMHC representatives:
Who has the authority to approve RRAP grants?

CMHC Response:

INAC. CMHC says at the beginning of the year how many RRAP units and so much RRAP money for on reserve units and INAC distributes it according to their formula.

Last year we did over 400 RRAP units.

Comment to CMHC representatives:

When we made a request for additional units the department said no, we have our additional RRAP units.

People that are involved in the Northern Flood Agreement get additional monies.

CMHC Response:

Those Bands are better off. But, with the need for relocation there is a bigger need for RRAP. We are trying to get a special allocation that won't affect RRAP.

Another aspect of increasing the role of the Bands is to increase training. 69% of the Bands surveyed said there is not much training by CMHC.

Comment to CMHC representatives:

\$10,000 for DIAND, at the reserve level, was not adequate. That kind of training is quite isolated. We looked at the possibility of going over DIAND and going straight to CMHC for money.

CMHC Response:

That was a policy that was put in place some time ago when NIB insisted DIAND keep a lead role in CMHC. Because it was stated in that way we had no mandate to pursue funding. We couldn't set up specific training. Until some changes take effect it is very hard for us to get around that.

Question to CMHC representatives:

Will you be in a position to take a proposal for training?

CMHC Response:

Not as yet.

We don't have the funds. That money goes to the department. That was a national policy. Some regions are holding training sessions for Bands geared towards running 56.1 housing. I could follow that up.

We do provide some training. There are people who are willing to come to the reserves, and there is some precedence for Indian Affairs to provide training locally and paid for by Indian Affairs.

Comment to CMHC representatives:

If you do it the way the department did last year you are suggesting that communities go into 56.1 when they are into that kind of housing.

CMHC Response:

The Bands that were invited last year were involved in that. Why everybody gets \$10,000, that is Indian Affairs.

Question to CMHC representatives:

In DOTC we do have a non-profit corporation. Would you entertain the idea for them to offer training?

CMHC Response:

We don't have the funds.

Suggestion to CMHC representatives:

What if Indian Affairs would come up with 50% and you (CMHC) with the other 50%?

CMHC Response:

If Indian Affairs seen the need they would be willing to fund it all.

If there is to be a proposal from the Bands, the most receptive would be one at the Tribal Council level or one at an organization like this. Individual organizations don't go as far.

There is something called project development funding, where Bands can get up to \$50,000 to develop some projects. Since 1980 only 19 projects have been received for on reserve.

Response to CMHC representatives:

One reason is there is no start up funding. If the project is not approved then it is very insufficient.

The Tribal Council or Band staff take on the development work and there is no dollars to follow that up.

CMHC Response:

If the Band is using their capital dollars for housing they are on the hook if the project doesn't go through, but if there was start up ...

Question to CMHC representatives:

Will there be a recommendation to have start up funds available?

CMHC Response:

That's your role.

Question to Housing Council representatives:

Again, you used the National Council. Would you be regionalizing that?

National Housing Council Response:

We tried.

Question to Housing Council representatives:

Are we going to regionalize, because DOTC and Roseau River are unique. In terms of your national organization, would you give some money here?.

National Housing Council Response:

For start up funding, if the other Bands are aware that start up funding could be available, I am positive they would use it.

Comment to Housing Council representatives:

For the off reserve we have project development dollars, but for on reserve, we have none.

National Housing Council Response:

The contribution agreement states those dollars are not for development.

CMHC Response:

56.1 tends to discriminate against smaller Bands. RRAP is delivered partly or completely by Bands, but CMHC is available when they can't do the work themselves.

CMHC's FUTURE DIRECTIONS are:

- Consultation with you on these findings,
- your opinions on this research,
- your opinions on the present CMHC programs,
- alternatives to the present programs that would address your problems and concerns.

Question to CMHC representatives:

In terms of the RRAP forgivable portion - they are indexed to a maximum of \$15,000 family income. After \$13,500 it goes on a sliding scale. Can that be indexed to a greater amount? The average income is \$15,000. Can we up the ceiling on that?

CMHC Response:

There is a RRAP evaluation going on.

There were 3,000 houses documented and 22 were on reserve.

The on reserve evaluation is the best forum to talk about the RRAP evaluation, the income thresholds, and redefining the thresholds could be discussed.

Suggestion to CMHC representatives:

Not only the grant should be increased, but the threshold as well.

CMHC Response:

If you earn \$1,000 more, your maximum forgivable is \$14,000.

Suggestion to CMHC representatives:

Would there be any way of looking at the RRAP evaluation? There are two individuals in Roseau River whose income is up to \$17,000 and still the house is not complete yet and they don't want to go into 56.1.

Maybe some kind of new assistance could be made. We do a budget review on our residents. These people cannot receive any forgivable portion. Rather than 56.1, because it is a Band owned program, the Band is required to assistance to the tune of the payment.

CMHC Response:

That idea was considered two or three years ago and was put to Treasury Board, but it wasn't approved. They were supposed to put assistance on reserves where you would pay 25% of your income.

It was based on anyone who received the forgivable could be able to pay back the loan.

That doesn't prevent the Band from entering into a special arrangement.

Comment to CMHC representatives:

Individuals in our communities have the opportunity to choose, but you can't force them to take a CMHC house. What happens when someone needs housing brought up to standard but ...

CMHC Response:

Some Bands are lending that money but at a very nominal rate.

These people don't want to deal with CMHC or don't want to get into long term loans. In terms of our evaluation, our only recommendation is to provide loans and technical support. We can make loans and we can provide subsidies to those loans.

Question to CMHC representatives:

Section 56.1 is an assistance program. What prevents it from applying to a RRAP loan?

CMHC Response:

There are Bands doing this. They are buying the unit and transferring the house to the Band. The Band has to decide what is their priority because if they use that 56.1 they can't build a new house.

Comment to CMHC representatives:

They are paying for the house twice though. Because they already built that house first.

CMHC Response:

They built half a house first or didn't properly finish it.

Comment to CMHC representatives:

In a number of the DOTC Bands' cases we have had to go out and find a private lender. We got reserves setting up with private loans at 12% against future housing allocations from Indian Affairs. The purpose of the program is to provide as much units as possible at 2%.

CMHC Response:

I don't understand why you take a 12% loan?

Response to CMHC representative:

Because they couldn't meet the standards and had to take out private loans. Because of income levels or Band members paying for units when the Band doesn't want them to. Or, where it had to be a 25 year term and they would rather take a five year loan.

56.1 should be structured so Bands don't have to do that. If the guidelines were flexible enough to meet their objectives. Housing has always been a Band provided function. Their Band members aren't prepared to pay towards housing.

CMHC Response:

Then that is something we can't do anything about.

Suggestion to CMHC representatives:

There should be another mechanism in there.

CMHC Response:

The flexibility should come from the Department of Indian Affairs rules, rather than 56.1.

It was then agreed to discuss some of the items over lunch and to invite the CMHC representatives back after that.

The meeting then adjourned for lunch at 12:05 p.m.