

Federal Lands Initiative (FLI) Evaluation

MANAGEMENT RESPONSE AND ACTION PLAN (MRAP)

Objective of the Evaluation: This evaluation examined the relevance, effectiveness, and efficiency the FLI.

Evaluation findings, recommendations, and Management Response and Action Plan Presented to CMHC's Executive Committee on:
November 3, 2021



Recommendation	Management Response	Action Plan	Responsibility		Timeline (by end of..)
			Lead	Support	
Recommendation 1 Review FLI processes to identify opportunities to streamline in order to minimize the risk that projects are not completed by successful applicants.	We agree with this recommendation. CMHC is committed to the continuous improvement of our programs and initiatives and to ensuring they remain on track to contribute to their expected results. As indicated in the evaluation, the FLI team was already in the process of exploring a variety of ways to reduce the length of processes, including the legal agreements such as the Agreement of Purchase and Sale process, and seeking to work collaboratively with delivery partners and custodians to streamline processes outside of CMHC's sphere of control.	1. Facilitate a discussion with oversight committees and partners on additional measures that could be taken collaboratively to streamline processes.	Client Solutions - Financing Solutions, Federal Lands Initiative		Q1 2022
		2. Report on the success of the measures implemented to streamline and minimize delays in FLI processes and ascertain if further improvements are required.	Client Solutions - Financing Solutions, Federal Lands Initiative		Q3 2022

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<p>Recommendation 1 <i>(continued)</i></p>	<p>The uniqueness of each property disposed of through FLI creates challenges in streamlining procedures, as they must be flexible enough to adapt to the broad variety, location, and condition of properties, in addition to adhering to custodian procedures and processes. Nonetheless, a variety of measures have recently been implemented to streamline and minimize delays in the processes relating to the creation of legal agreements including the creation of simplified legal documents for lower value properties, earlier engagement in the process with successful applicants' legal representatives, establishing of proponent milestones within legal agreements in relation to timing and progress with the goal of minimizing closing date extension requests and the provision of precedent documents for review and setting of expectations minimizing legal back-and-forth. In addition, a simplified pre-screening assessment tool (PSAT) for properties that are perceived to be likely unsuitable for housing uses has been created. The success of these measures will be ascertained and further improvements made where needed.</p> <p>In response to the evaluation findings, further measures are being considered to further enhance and enable greater efficiencies to be implemented within FLI's processes. For example, options that could be considered include a simplified process for small, remote properties as well as the utilization of direct-transfers of title to local municipalities and housing providers where interest has been determined.</p>	<p>3. Identify and consider options to streamline FLI processes and create a plan for the implementation of those measures.</p>	<p>Client Solutions - Financing Solutions, Federal Lands Initiative</p>	<p>Client Solutions - Risk Management, Strategy and Products</p>	<p>Q3 2022</p>

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<p>Recommendation 2</p> <p>Review FLI's affordability criteria and consider modifications to ensure a greater likelihood of long-term affordability.</p>	<p>We agree with this recommendation.</p> <p>We are committed to the continuous improvement of our programs and initiatives. FLI's expected results, including its expected contribution to the affordable housing stock, are valuable contributions to the shared outcomes of the National Housing Strategy and CMHC's 2030 aspiration.</p> <p>The current design of FLI requires that the percentage of median market rents of affordable units in the project be maintained for a minimum of 25 years. This is one of the ways the initiative's design ensures a social benefit is derived from the discounted sale of the property. As indicated in the evaluation, in the event that a project aligns to median market rent closely there may be challenges in maintaining the long-term affordability of these units if the growth of median market rents outpaces the growth of incomes.</p> <p>As part of our continuous improvement efforts, a review of the affordability criteria will be performed. This review will further assess the current achievement of proponents, likelihood of rents becoming unaffordable over time and explore approaches that would ensure a greater likelihood of maintaining the long-term affordability of the units.</p>	<p>1. Conduct a descriptive analysis of FLI affordability outcomes for the purpose of expanding upon the analysis performed for the evaluation and identifying options as it relates to ensuring a greater likelihood of long-term affordability and to maximize the depth and duration of affordability in projects.</p>	<p>Client Solutions - Business Optimization Planning, Multi-Unit Housing Solutions</p>	<ul style="list-style-type: none"> Client Solutions - Financing Solutions, Federal Lands Initiative Policy - Policy Measurement and Analysis, Policy Operations and Outreach Policy - Housing Policy, Policy Development Client Solutions - Risk Management, Strategy and Products 	<p>Q1 2022</p>
		<p>2. Create a plan to implement the option(s) selected through action 1 that can be operationalized within FLI's current authorities and demonstrate the implementation of the selected option.</p>	<p>Client Solutions - Financing Solutions, Federal Lands Initiative</p>	<p>Client Solutions - Risk Management, Strategy and Products</p>	<p>Q3 2022</p>
		<p>3. Review and consider option(s) identified through action 1 that cannot be operationalized within FLI's current authorities.</p>	<ul style="list-style-type: none"> Policy - Policy Measurement and Analysis, Policy Operations and Outreach Policy - Housing Policy, Policy Development 	<ul style="list-style-type: none"> Client Solutions - Financing Solutions, Federal Lands Initiative Client Solutions - Risk Management, Strategy and Products 	<p>Q4 2022</p>

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<p>Recommendation 3</p> <p>Review and consider adjustments to FLI funding authorities to ensure the timely disposal of federal properties.</p>	<p><i>We agree with this recommendation.</i></p> <p>We acknowledge that the timely disposal of federal properties is an important part of the Government of Canada's surplus federal property disposal process. In addition, we acknowledge that some custodians rely on the timely sale of their properties to fund their operations as well as the cost to the Government of Canada of maintaining and managing surplus properties that have been deemed suitable for housing uses until it can be disposed of through FLI.</p> <p>As FLI's expected result of 4,000 units is somewhat dependent on the successful achievement of a small number projects with higher unit's counts, further adjustments to the initiative may be needed to secure the program's outcomes.</p> <p>FLI is one of several National Housing Strategy initiatives and will be reviewed and assessed as part of that toolkit to ascertain if further adjustments are needed. We are committed to FLI successful achievement of its expected results as demonstrated by the progress against targets achieved to date.</p>	<p>1. Review and consider option(s) that were brought forward with respect to FLI authorities.</p>	<ul style="list-style-type: none"> • Policy - Housing Policy, Policy Development • Policy - Policy Measurement and Analysis, Policy Operations and Outreach 	<ul style="list-style-type: none"> • Client Solutions - Financing Solutions, Federal Lands Initiative • Client Solutions - Risk Management, Strategy and Products 	<p>Q4 2022</p>
<p>Recommendation 4</p> <p>Review and consider adopting mechanisms that would enhance FLI's contribution to NHS outcomes and commitments, and corporate priorities, such as further enhancing the support of projects that serve women and children, priority vulnerable groups, and Indigenous People.</p>	<p><i>We agree with this recommendation.</i></p> <p>FLI is on track to support the broader NHS outcomes of having affordable housing that is in good conditions, promoting social and economic inclusion, and contributing to environmental sustainability. The intent of the NHS toolkit approach is to have a variety of programs which support a variety of outcomes, social or otherwise.</p> <p>In addition, FLI is already on track to contribute to other NHS outcomes and priority areas through units intended to be dedicated or committed for priority vulnerable groups, projects that meet the unique needs of women and children, and contributing to Canada's economic growth.</p>	<p>1. In conjunction with the analysis of FLI's affordability outcomes (Recommendation 2, Action 1), conduct a descriptive analysis of FLI's other social outcomes for the purpose of expanding upon the analysis performed for the evaluation and identifying options as it relates to enhancing FLI's contribution to NHS outcomes and commitments, and corporate priorities.</p>	<p>Client Solutions - Business Optimization Planning, Multi-Unit Housing Solutions</p>	<ul style="list-style-type: none"> • Client Solutions - Financing Solutions, Federal Lands Initiative • Policy - Policy Measurement and Analysis, Policy Operations and Outreach • Policy - Housing Policy, Policy Development • Client Solutions - Risk Management, Strategy and Products 	<p>Q1 2022</p>

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Recommendation 4 <i>(continued)</i>	<p>In alignment with our focus on ensuring NHS programs are designed to support the broad outcomes of the NHS, we will undertake a review to explore possible modifications that would enhance FLI's support of these outcomes, commitments, and other corporate priorities.</p> <p>We are committed to advancing reconciliation with Indigenous peoples and increasing our support to Indigenous partners. We have already begun this work through a variety of initiatives and pilots. We will seek to address the barriers to Indigenous participation and engagement in FLI.</p>	2. Create a plan to implement the option(s) selected through action 1 that can be operationalized within FLI's current authorities and demonstrate the implementation of the selected option.	Client Solutions - Financing Solutions, Federal Lands Initiative	<ul style="list-style-type: none"> Client Solutions - Risk Management, Strategy and Products 	Q3 2022
		3. Review and consider option(s) identified through action 1 that cannot be operationalized within FLI's current authorities.	<ul style="list-style-type: none"> Policy - Policy Measurement and Analysis, Policy Operations and Outreach Policy - Housing Policy, Policy Development 	<ul style="list-style-type: none"> Client Solutions - Financing Solutions, Federal Lands Initiative Client Solutions - Risk Management, Strategy and Products 	Q4 2022
		4. Creation and implementation of an Indigenous Outreach Pilot or Process to identify and address barriers to Indigenous participation and engagement with the goal of supporting socio-economic development and self-determination.	Client Solutions - Financing Solutions, Federal Lands Initiative	<ul style="list-style-type: none"> Client Solutions - Housing Solutions, Indigenous and the North Strategy - Indigenous Relations and Reconciliation Corporate Services - Legal Services Policy - Policy Measurement and Analysis, Policy Operations and Outreach Policy - Housing Policy, Policy Development 	Q4 2022