

**EVALUATION OF THE ON-RESERVE
RENOVATION PROGRAMS AND
THE ON-RESERVE NON-PROFIT
HOUSING PROGRAM (SECTION 95)**

Final Evaluation Report

April 2023





EXECUTIVE SUMMARY

Program Descriptions

- The **On-Reserve Non-Profit Housing Program (Section 95)** provides financial assistance (through subsidies and loans) to increase the supply of rental housing on-reserve for low-income individuals. Eligible projects include new construction, acquisition, rehabilitation or conversion.
- The **On-Reserve Renovation Programs** are a suite of programs that have provided for the repair, conversion or adaptation of housing in First Nation communities since 1978. Assistance is primarily in the form of a forgivable loan. The evaluation included all On-Reserve Renovation Programs, except the Shelter Enhancement Program, which will be evaluated in future years.

Objective, Scope, and Methodology of the Evaluation

- The evaluation was undertaken to determine the extent to which the intended outcomes of the Section 95 and the On-Reserve Renovation Programs were achieved.
- It examined the period from 2016-17 to 2021-22 (except for expenditure data for Renovation programs, which were examined from 2003, for context).
- The evaluation included questions pertaining to the relevance and coherence, effectiveness and impact, and efficiency and sustainability of the two programs. These questions were examined through interviews, external and internal data and documentation, and a survey.

The evaluation examined both programs simultaneously. Findings speak to both programs unless otherwise specified.

Summary of Key Findings

- There is a need to improve the quality and increase the supply of housing for First Nations living on-reserve, who are much more likely to live in inadequate or crowded housing.
- The programs are aligned with federal and CMHC priorities. However, they have not seen any additional investments since Budget 2016. The programs do not duplicate the funding provided by Indigenous Services Canada for on-reserve housing, given the significant need.
- The programs are not designed to meet all on-reserve housing needs due to their limited funding. Nevertheless, between 2016-17 and 2021-22, they enabled the repair, renovation, modification, and construction of units. The programs have also contributed positive economic and social impacts for communities.
- The two programs are not always able to target funding towards First Nations most in need, partly due to the allocation methodology, the reliance on expressions of interest, and capacity of the First Nation.
- The **Renovation Programs** have supported First Nation repairs and modifications/adaptations. However, the program does not always cover the total cost of the renovation. There are also a few sub-programs under the Renovation Program suite that see very minimal take-up and are indistinct.
- While there has been some success from **Section 95** regarding enhancing capacity and expertise in on-reserve housing, First Nations have noted continued challenges with finding, training, and retaining staff.
- CMHC has made changes to the programs to align with client feedback, including introducing alternate securities for Section 95. Challenges still persist that impact the programs' ability to adapt to the needs and preferences of First Nations (regarding timelines, funding processes, guidelines, standards, application processes).

Recommendations

Based on these findings and challenges identified, the evaluation proposes two recommendations:

Recommendation 1: To better align with the priorities of First Nations communities, adopt a more needs-based approach which considers:

- a. the possibility for multi-year and/or block funding;
- b. simplifying the suite of Renovation Programs;
- c. proposing to Indigenous Services Canada and the Assembly of First Nations a revision of the national allocation formula; and
- d. incorporating lessons from a pilot to enhance partnerships with First Nations.

Recommendation 2: Revise program guidelines to promote greater flexibility and better align with First Nation priorities.



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INTRODUCTION

Evaluation Context, Questions, and Methodologies

Objective and Overview of the Evaluation

The evaluation was undertaken to determine the extent to which the intended outcomes of the **On-Reserve Non-Profit Housing Program** (hereafter known as Section 95) and the **On-Reserve Renovation Programs** were achieved. Evaluations provide insights that support CMHC's ability to provide evidence-based policy advice to the government on future directions of programs.

- The evaluation was conducted in accordance with the standards adopted by the Canadian Evaluation Society and the Treasury Board Secretariat's (TBS) *2016 Policy on Results*.
- The evaluation team was composed of CMHC's Evaluation Services, R.A. Malatest & Associates Ltd., and supported by a working group composed of CMHC staff from Client Solutions, Policy, Research, Indigenous Relations teams and sectors.

Evaluation Questions

Relevance & Coherence

1. To what extent is there a **continued need** to increase the supply of housing and improve the quality of housing for low-income residents living in First Nation communities?
2. To what extent are the programs **aligned with CMHC, federal government, and First Nations priorities**?

Effectiveness & Impact

3. To what extent have the programs **achieved their intended outcomes**?
What has the **impact** been?

Efficiency & Sustainability

4. Are there **more efficient ways to design or deliver** the programs?
5. To what extent are the **net benefits** of the program likely to continue?

Evaluation Methodologies

The evaluation was informed by the following lines of evidence:

- External literature and data review
- Interviews with staff, First Nations applicants, First Nations Partners
- Internal documentation and data review
- Survey of CMHC staff (n=82)

See Annex A for more details on the methodology.

Evaluation Scope

The evaluation launched in Q4 2021 and was completed in Q1 2023. It covered the following periods:

Section 95: 2016-17 to 2021-22, as the last evaluation covered up to 2015-16.

Renovation Programs: Expenditures since 2003 (last evaluation), with an emphasis on 2016-17 to 2021-22.

Program Profile – Renovation Programs

The On-Reserve Renovation Programs are a suite of programs that have provided for the repair, conversion, or adaptation of housing in First Nation communities since 1978.

- Assistance is primarily in the form of a forgivable loan (except for the Emergency Repair Program, which is a grant).
- The Evaluation included all On-Reserve Renovation Programs, except the Shelter Enhancement Program, which will be evaluated in future years.
- Figure 1 highlights the expenditures of program and notes the top-ups of funding, including:
 - Budget 2005 committed **\$295M** over five years (2005-06 to 2009-10) to CMHC and Indigenous Services Canada for on-reserve housing.
 - **Canada’s Economic Action Plan** announced \$60M/year for two years (2009-10 to 2010-11) to the Renovation Programs.
 - The **Social Infrastructure Fund** (2016) committed \$60M over two years (2016-17 to 2017-18) for the Renovation Programs.

Figure 1: Renovation Program Expenditures (2003-04 to 2021-22)

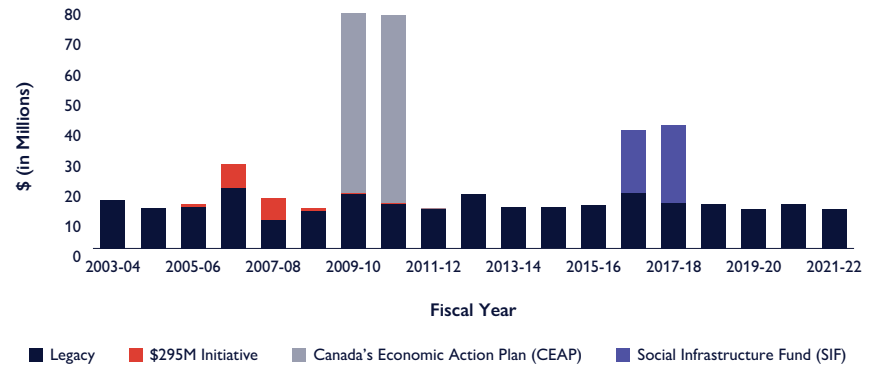


Table 1: Renovation Program Sub-Programs and Objectives

Program	Objective
Residential Rehabilitation Assistance Program (RRAP) Regular	Up to \$60k/unit for mandatory repairs to improve the health and safety of on-reserve housing.
RRAP for Persons with Disabilities (RRAP-D)	Up to \$60k/unit to increase accessibility for occupants with limited mobility.
RRAP - Conversion	Up to \$60k/unit to convert non-residential properties into affordable housing.
RRAP - Secondary/Garden Suites	Up to \$60k/unit to create new affordable housing units through the addition of a secondary or a garden suite on an existing property.
Emergency Repair Program (ERP)	Up to \$30k/unit for emergency repairs.
Home Adaptations for Seniors' Independence (HASI)	Up to \$20k/unit for minor home adaptations to assist seniors with aging in place.
Rental RRAP	Up to \$60k/unit for landlords of affordable housing not owned by the First Nation to pay for mandatory repairs.

Note: For northern or remote areas the maximum total amount may be increased by an additional 25%.

Program Profile – Section 95

The On-Reserve Non-Profit Housing Program (Section 95) helps First Nations meet their housing needs by providing financial assistance to build affordable rental housing on-reserve. These communities can apply funding in the form of low-cost repayable loans as well as housing subsidies.

- First Nations may borrow funds from CMHC or an Approved Lender.
- CMHC offers low-cost loans through its Direct Lending Program.
- These loans are insured and may cover up to 100% of the eligible project costs.

Table 2: Section 95 Units and Funding, by Year

Year	Units Committed	Lifetime Subsidy (\$ Million)	Value of Loans Committed (\$ Million)
2016-17	954	183.0	160.6
2017-18	895	182.9	158.5
2018-19	836	181.7	143.9
2019-20	738	154.5	134.3
2020-21	761	154.5	152.9
2021-22	616	145.0	137.4

A monthly subsidy is provided to help operate and administer affordable rental housing for up to 25 years. The subsidy amount is determined as follows:

$$\text{Minimum Revenue Contribution} - \text{Operating Costs + Loan Payments} = \text{Project Subsidy}$$

Eligible Projects include:

- New construction
- Purchase and/or rehabilitation of existing housing
- Conversion of an existing non-residential building into housing





RELEVANCE & COHERENCE

Relevance & Coherence

FINDING 1

There is a continued need to improve the quality and increase the supply of housing for First Nations on-reserve.

On-reserve households are more likely to live in overcrowded or inadequate housing.

On-reserve First Nations are more likely to live in overcrowded or inadequate housing than off-reserve First Nations and Canadians overall (Statistics Canada, 2022a). Overcrowding can be an indication of low housing supply.

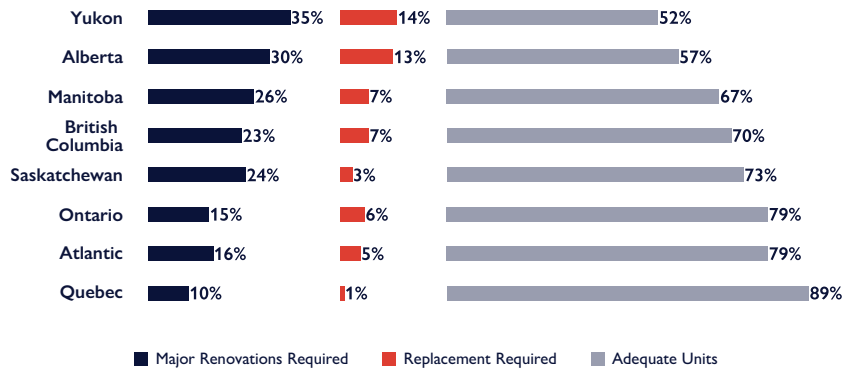
Table 3: Overcrowded and Inadequate Housing (Statistics Canada, 2022a)

	Overcrowded	Inadequate
On-Reserve First Nations	35.7%	37.4%
Off-Reserve First Nations	18.4%	12.7%
Canada Overall	4.4%	5.5%

There is significant need for renovation and construction.

- Almost all interviewed First Nations applicants described a **shortage of housing**.
- An estimated **157,000+ new units** are needed to meet the current housing needs of First Nations communities (First Nations Information Governance Centre, 2020).
- This is exacerbated by **faster rate of population growth** for Indigenous populations than non-Indigenous populations (Statistics Canada, 2022b).
- The need to renovate and/or replace units vary by Province/Territory (Figure 2).
- Overcrowded and inadequate housing can have health and social impacts. Mould was identified as a significant issue. Other repairs indicated by interviews and literature (First Nations Information Governance Centre, 2020) include:
 - Foundations
 - Lack of fire suppression
 - Increasing accessibility of households
 - Wiring/furnace replacement
 - Walls, floors, and ceilings
 - Doors, roofs, windows, and sidings
 - Plumbing (including drinking and wastewater)

Figure 2: Based on 2022 internal data, Yukon and Alberta had the highest rates of units needing major renovations or replacement.



Barriers to building and renovating more units include costs, limited resources, environmental conditions, and systemic issues.

- **\$94 billion over 10 years in capital costs** is estimated to be required to meet First Nations' current housing needs (Institute of Fiscal Studies and Democracy (IFSD), 2021).
- First Nation applicants noted a **shortage of suitable land** for new builds, with **infrastructure development costs** as the biggest barrier for considering new subdivisions.
- Northern and remote reserve face **harsh winters, short construction seasons, and limited transportation infrastructure** which impacts cost and maintenance. (House of Commons of Canada, 2022; IFSD, 2021).
- The **lack of capacity** to manage, maintain, and be knowledgeable of buildings can be a barrier to improving poor housing (House of Commons of Canada, 2022).
- The *Indian Act* poses constraints, since reserve lands cannot be seized, mortgaged, or pledged to others. This impacts the **banks' willingness to lend money** for building or renovating on-reserve (Senate of Canada, 2015).

FINDING 2

The Section 95 and Renovation Programs complement funding from Indigenous Services Canada in contributing to the unmet need of on-reserve housing. Other CMHC programs also provide a source of funding, but are not exclusive to First Nations.

Indigenous Services Canada also provides funding for on-reserve housing repairs and construction.

The main program comparable to Section 95 and the Renovation Programs is Indigenous Services Canada’s (ISC) **First Nations On-Reserve Housing Program** (known as Housing Support Program in British Columbia).

- **Objective:** provide more and better-quality housing for on-reserve First Nations.
- **Funding:** like Section 95, at ~\$149.5M/year, for building and renovating housing. It can also be used towards maintenance, insurance, other costs.

The First Nations On-Reserve Housing Program relies on the 1996 On-Reserve Housing Policy. These principles are also the objectives of Section 95, as follows:



First Nations Control



First Nations Expertise



Shared Responsibilities



Increased Access to Private Financing

- The ISC Program, Section 95, and the Renovation Programs all only serve First Nations living on-reserve and have the objective of improving quality and/or quantity of housing.
- **Budget 2022 announced \$2.4B over seven years to Indigenous Services Canada to on-reserve housing.**
- First Nations indicated in interviews that ISC was an appealing funding source since funding was typically transferred as block funding, instead of being application specific.

“If it wasn’t for CMHC and ISC, we wouldn’t have built any houses since 2011.”

- First Nations Applicant

There are positives and challenges with having two departments providing funding for housing on-reserve.

Positives	Challenges
<ul style="list-style-type: none"> • Bigger pool of funding to draw from • The two departments set objectives together and share information 	<ul style="list-style-type: none"> • More coordination is required with two departments • Seen as funding for two different types of projects: ISC was perceived as designed for infrastructure, CMHC was specifically for housing

- Single-window or block funding approaches were suggested in staff interviews to mitigate the challenges of accessing funding from two separate departments.
- However, both departments play in this space. **CMHC** has expertise in housing and offers other housing programs, while **ISC** has expertise on-reserve and Indigenous communities and has a view on other services such as water and infrastructure.

ISC and CMHC programs complement each other and contribute to the un-met need for better quality and quantity of housing on-reserve.

- With an estimated need of \$44B over 10 years, **both ISC's First Nations On-Reserve Housing Program and CMHC's Section 95 and Renovation Programs are necessary** to provide a larger pool of funding to draw from.
- Because of this, the programs are not duplicative despite their similar objectives. However, **it may be creating inefficiencies for both entities and for First Nations.**

Other CMHC programs (such as the National Housing Co-Investment Fund) do not duplicate the Section 95 and Renovation Programs.

- The National Housing Co-Investment Fund (NHCF), like the Section 95 and Renovation Programs, provide funding to support the creation and repair/renewal of affordable homes. This is provided through forgivable and repayable loans, and contributions. However, NHCF does not specifically focus on supporting low-income First Nations living on-reserve. It is available to eligible proponents across Canada.
- First Nations may apply to both NHCF and the Renovation Programs but must adhere to the requirements of both programs (except where waived).

Requirements for NHCF include partnerships, accessibility, energy efficiency, and financial viability.

A few CMHC interviewees noted the potential for combining NHCF funding with legacy programs (Section 95 and Renovation Programs) funding to leverage more federal sources of funding. This is also known as stacking.

How RRAP and NHCF funding programs could potentially be stacked for projects above the unit maximum

A First Nations on-reserve housing unit requires repair or renovation which is estimated to cost \$80,000, which is over the maximum of \$60,000. The First Nation applies to the Renovation Programs and receives a loan of \$60,000. They require an additional \$20,000 to be able to repair this unit.

The First Nation may apply to the National Housing Co-Investment Fund Repair and Renewal stream under which they may be able to obtain an additional forgivable loan of \$15,000 to \$30,000 for this unit depending on the number of units in the project, construction costs, project type and whether the project meets or exceeds criteria.

Utilizing the two programs, the First Nation could cover the entire cost of the repair and/or renovation of this unit.

FINDING 3

The Section 95 and Renovation Programs are aligned to federal priorities, although recent investments to housing on-reserve have focused on Indigenous Services Canada. The programs are also aligned to CMHC's outcomes and results.

The federal government has made commitments to on-reserve housing. However, the two CMHC programs have not received additional funding since investments made in Budget 2016.

- In 2015, the Prime Minister accepted the Truth and Reconciliation Commission's final report and its Calls to Actions, which includes implementing the United Nations Declaration on the Rights of Indigenous Peoples (Prime Minister of Canada, 2015).

- Housing investments on-reserve have been noted in federal documents, including:

Budget 2016	Budget 2022	2021 Mandate Letter, Minister of Housing and Diversity and Inclusion
\$554.3M over two years to Indigenous and Northern Affairs Canada to address immediate housing needs	\$2.4B over seven years to Indigenous Services Canada to on-reserve housing	With other ministers and partners, continue to make investments to close the infrastructure gap by 2030, focusing on expediting investments in Indigenous housing
<hr/> \$137.7M over two years to CMHC to support renovation and retrofit of existing housing on-reserve		

- The Budget 2016 commitments to CMHC resulted in **top-ups to the Renovations Programs On-Reserve** for fiscal years 2016-17 and 2017-18.
- Investments of \$2.4B made in 2022 to housing on-reserve went to Indigenous Services Canada instead. This is over twice the funding for **Section 95 and Renovation Programs per year, the latter two of which have not received added funding since Budget 2016.**

Section 95 and the Renovation Programs generally support CMHC's priorities. Although the programs began in the 1970's CMHC has iterated commitments to Reconciliation.

CMHC's aspiration is that by 2030, everyone in Canada has a home that they can afford and that meets their needs (CMHC, 2018).

- **Section 95** supports this by increasing the supply of on-reserve affordable rental housing through new construction, acquisition, rehabilitation, or conversion.
- **The Renovation Programs** support this by improving the quality of housing for on-reserve communities through renovation, conversion, and adaptation.

The following CMHC measures are related to the Section 95 and Renovation Programs:

- **Outcome 1**
 - **People in core housing need have equitable and reliable access to housing that is secure and affordable**
- **Strategic Result 7**
 - **Housing is in the spirit of Reconciliation**
(including co-developing programs and aligning internal policies and procedures to Reconciliation)

The intent of the programs directly support Outcome 1 and Strategic Result 7 by improving the quality and availability of housing for First Nations. However, the programs were first brought on-reserve in the 1970s, and therefore **not co-developed**. Internal documents also note that CMHC's approach **should be informed by understanding the diversity of First Nation communities and their unique needs**.



FINDING 4

First Nations' strategic direction and priorities are centered on the transition to First Nation care, control, and management of housing. However, on-reserve housing programs are still necessary.

The 10 Year First Nations National Housing and Related Infrastructure Strategy is focused on transferring authority and control of housing from the federal government to First Nations.

- In 2018, a working group with representatives from the Assembly of First Nations (AFN), the Chiefs Committee on Housing and Infrastructure, and the federal government drafted a **10 Year First Nations National Housing and Related Infrastructure Strategy** (AFN, 2018b).



Vision of the Strategy

“Responsive innovative housing governance systems that support First Nations transition to care, control and management of housing and related infrastructure.”



Purpose of the Strategy

- Build an environment for a housing system that will lead to federal government withdrawal of control over housing
 - Provide a long-term solution for First Nation housing and infrastructure for on-reserve and urban/rural communities
- The Section 95 and On-Reserve Renovation Programs, which were brought on-reserve in the 1970s, are based on a context where the federal government leads the design and delivery of housing for First Nations on-reserve.

Although the focus is on First Nation control of housing, this strategy and the Assembly of First Nations has also acknowledged the need for federal housing programs.

- The Section 95 and the suite of Renovation Programs are federally administered housing programs, and not within First Nation control.
- However, the Assembly of First Nations has acknowledged that these **federally-administered housing programs are necessary for First Nations who are not yet ready to transition to full care, control, and management of housing** for their community (AFN, 2018a; AFN, 2020).
- Funding for repairs, renovations, modifications, and new construction of units are still necessary for First Nations who are in the interim of this transition, or for First Nations who choose not to assume control of housing.

However, the Assembly of First Nations have noted the need for reforms of federal housing programs, including removing barriers and improving delivery for First Nations.

The Assembly has also stated that Canada must **co-develop sufficiently funded, exclusively First Nations federal housing programs** to address First Nation housing needs. This includes the importance of stable longer-term or multi-year funding (AFN, 2018a).



EFFECTIVENESS & IMPACT

Effectiveness & Impact – Renovation Programs

FINDING 5

The Renovation Programs have improved the condition of units on-reserve with 4,832 units committed and \$131.5 million in funding.

- The program has supported First Nations with a committed funding amount of \$131.5 million and 4,832 committed units through the suite of the Renovation Programs between the fiscal years of 2016-17 and 2021-22.
- The provinces of Ontario, Manitoba, and British Columbia have the highest proportion of approved projects and funding from CMHC.
- Overall, program data revealed that RRAP Regular had the most approved projects and most funding allocated.

Table 4: Renovation Programs Units and Funding Committed, by Year

Year	Committed Amount	Units Committed
2016-17	\$35.2M	1,337
2017-18	\$37.6M	1,378
2018-19	\$17.3M	712
2019-20	\$11.8M	445
2020-21	\$13.7M	467
2021-22	\$15.9M	493
Total	\$131.5M	4,832

Table 5: Renovation Programs Projects and Funding, by Province (2016-17 to 2021-22)

Province and Territory	Percent of Total Projects	Average Funding Per Project	Percent of Total Funding
AB	12%	\$25,827	11%
BC	22%	\$20,884	17%
MB	13%	\$44,801	21%
NB	4%	\$22,965	3%
NL	1%	\$34,579	1%
NWT	<1%	\$71,810	<1%
NS	3%	\$32,612	3%
ON	22%	\$30,610	24%
PEI	<1%	\$39,180	<1%
QC	9%	\$21,661	7%
SK	13%	\$23,890	11%
YT	1%	\$33,045	1%

*Percentages do not add to 100% due to rounding

Effectiveness & Impact – Section 95 Program

FINDING 6

The Section 95 Program has expanded the number of units on-reserve, with 4,800 units committed and \$1 billion in funding.

- The program has supported First Nations by providing a lifetime subsidy amount of \$1 billion and 4,800 committed units through the Section 95 Program between the fiscal years of 2016-17 and 2021-22.
- The provinces of Saskatchewan, Manitoba, and Ontario have the highest proportion of units and lifetime subsidy.
- The Atlantic provinces all have the lowest proportion of units and lifetime subsidy.
- Alberta has both the highest average lifetime subsidy and the highest average units per project.

Table 6: Section 95 Projects, Units, and Lifetime Subsidy, by Province (2016-17 to 2021-22)

Province and Territory	Percent of Total Units	Average Units per project	Average Lifetime Subsidy per project (\$)	Percent of Total Lifetime Subsidy
AB	10%	7	\$1,762,375	13%
BC	14%	5	\$876,183	12%
MB	20%	5	\$1,156,180	24%
NB	2%	2	\$312,628	2%
NL	<1%	2	\$298,959	<1%
NS	4%	3	\$318,898	2%
ON	19%	5	\$1,128,084	20%
PEI	<1%	2	\$173,969	<1%
QC	10%	4	\$554,865	7%
SK	20%	4	\$830,562	19%
YT	1%	3	\$861,172	1%

*Percentages do not add to 100% due to rounding

Effectiveness & Impact

FINDING 7

The Renovation and Section 95 Program projects committed are expected to contribute economic and social impacts including contributing to GDP, creating jobs, and increasing individuals' social benefit.

The funding committed under the Renovation Programs is estimated to contribute \$242M to GDP and 2,260 jobs.*

The value of loans committed under Section 95 Program is estimated to contribute \$1.2B to GDP and 10,930 jobs.*

Figure 3: Economic Impacts of the Renovation Programs

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
GDP	107M	+ 82M	+ 53M	= 242M
Jobs	990	+ 790	+ 480	= 2,260

Figure 4: Economic Impacts of the Section 95 Program

	Direct Impact	Indirect Impact	Induced Impact	Total Impact
GDP	515M	+ 396M	+ 257M	= 1.2B
Jobs	4,780	+ 3,820	+ 2,330	= 10,930

*Note: Statistics Canada's Interprovincial Input-Output Model (I/O) is the model that was used for this analysis (Statistics Canada, 2021). In this model, Statistics Canada's I/O multipliers are used to estimate the total economic impact. See Annex B for more information on the methodology.

Interviews with First Nations communities found a variety of impacts that extend beyond the economic impact of two programs, including:

- A benefit to community members who now have a better and safer home.
- An increase in the capacity of community members to understand and perform basic home maintenance.
- A social benefit that individuals in “good homes” were more likely to provide a positive impact in the community.
- A significant social benefit to shelter and the provision of long-term, low-cost housing for citizens directly supported individuals social and physical well-being.
- A transition to home ownership, as some First Nations award ownership to long-term tenants.

“Socially, people want better homes. To have a better looking [property] and quality of lifestyle. If they live in a nice home that is well taken care of, their social life will get better. But as in many First Nations, there’s a big problem with vandalism, with alcohol and drugs. It helps to improve on housing.”

– First Nations Applicant

“Once the mortgage is paid off, the Council will typically sign it over to the person who has rented it for the full duration. This has provided homeownership to a lot of people on social assistance who might not have had that otherwise.”

– First Nations Applicant

Effectiveness & Impact – Renovation Programs

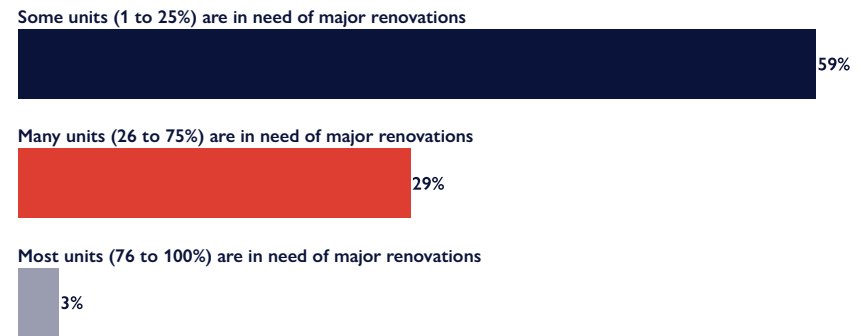
FINDING 8

Assistance provided by the programs is not always proportional to the level of need of First Nations, in part due to the allocation methodology and the reliance on expressions of interest.

The RRAP, ERP, and Rental RRAP programs are intended to contribute to reducing the need for major repairs on First Nation reserves across Canada.

- One way to measure the success of this program is to examine if investments are serving First Nations based on their level of need.
- To do so, the analysis used:
 - **internal program data** (RRAP, ERP, and Rental RRAP) from 2016-17 to 2021-22, which indicates which First Nations were served; and,
 - Internal **data on First Nations housing conditions** (2022), which indicates each First Nation's percentage of total units in need of major renovations (as determined by the First Nation).

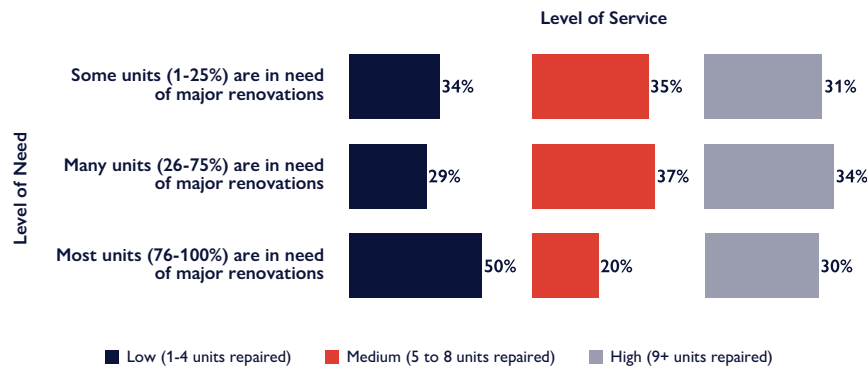
Figure 5: About one-third of First Nations (for which data is available) have many or most units in need of major renovations.



*This excludes 9% of First Nations noted as having no units in need of major renovations, based on internal data on their housing conditions.

To understand the level of service provided to First Nations, level of service categories were created based on the number of units repaired.

Figure 6: Those First Nations who have most units in need of major renovations are receiving a lower level of service.¹



There are factors such as interest and the allocation methodology that constrain the program’s targeting of need.

- A methodology is used to allocate program funds from CMHC’s National Office to regions. The current iteration (set in 2005) uses 2001 Census data.
 - Using 2016 Census data, an analysis shows that **Alberta, Manitoba, and Saskatchewan (and Quebec for RRAP) have a greater proportion of core need compared to 2001** (see Annex C).
- Each region also allocates to First Nations differently, some of which is also outside of CMHC’s control including through minimum unit allocations, first-come-first-serve, Tribal Council decision, allocation through a CMHC Specialist, etc. The process within each region is typically established by consensus of First Nations in the process and relevant stakeholders.
- Furthermore, the eligibility criteria marks First Nations with outstanding projects for over two years as ineligible to ensure units are renovated before more are funded. Communities with high need often have incomplete projects, leaving them ineligible.
- Beyond program budgets, the programs rely on First Nations to **express interest** which is **impacted by the capacity of the First Nation to apply and/or meet program requirements**.

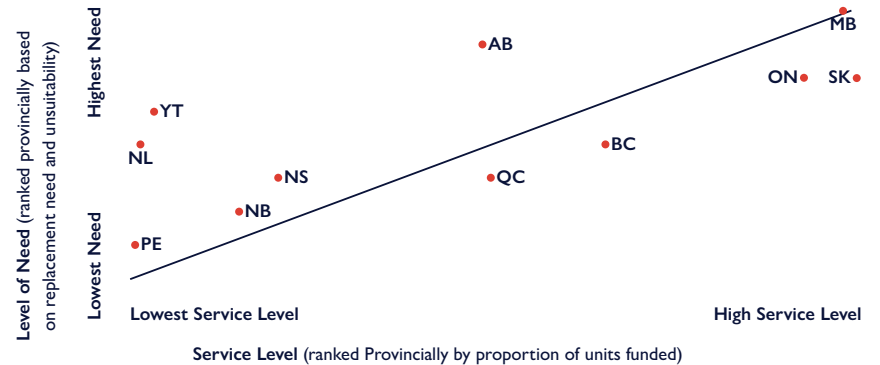
¹This analysis only included First Nations where CMHC had internal data on their housing conditions and were served by RRAP, Rental RRAP, and ERP. It excludes 25 First Nations not listed in the housing conditions data set but received funding for repairs as well as the 9% of First Nations whose housing condition was noted as no units in need of major renovations.

Effectiveness & Impact – Section 95

The level of need of each province is not aligned with the allocation of units and funding received.

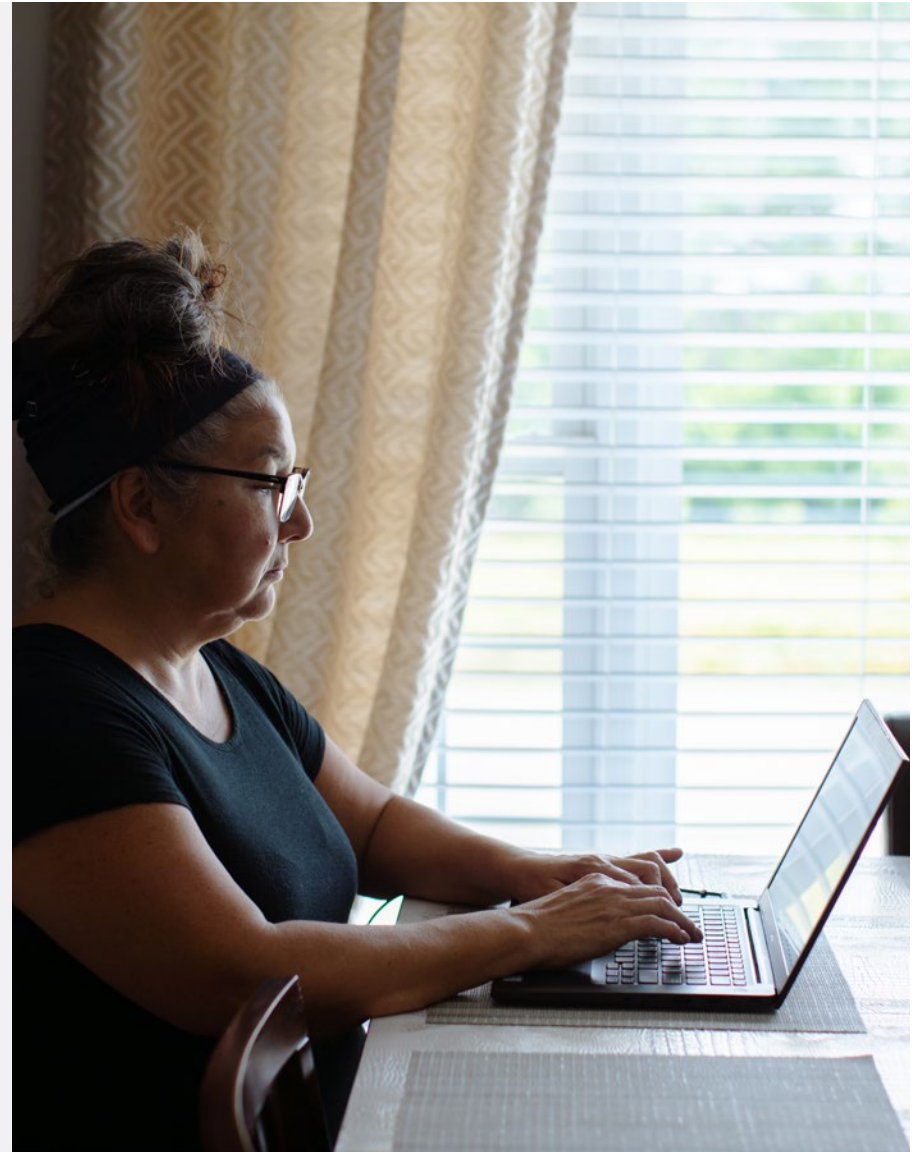
- To assess this, the evaluation compared the level of need to the level of service to assess if CMHC is delivering funding in alignment with the level of known need. In other words, are those First Nation communities in the highest need for additional units more likely to receive funding for more units by province?
- This analysis suggests that the assistance provided by the program is not in alignment with the known need of First Nations communities across Canada. Ideally, CMHC could target **more funding and units to higher need regions** while maintaining funding to First Nations across Canada.
- In the same way as the Renovation Programs, the Section 95 Program faces various constraints which limit the ability to allocate solely based on need. This includes budgets, expressions of interest, the capacity of First Nations to apply and meet program requirements, eligibility, and the national and regional allocation methodology (see Annex C).

Figure 7: Overall, there is a lack of alignment between the level of need for additional units on-reserve and the number of Section 95 units funded.



How Figure 7 was calculated

- First, ranking the level of need of each province on the vertical axis using:
 1. % of units in need of replacement (internal 2022 data on First Nation housing conditions)
 2. % of First Nations peoples living on-reserve in a crowded dwelling (Statistics Canada, 2023). The Yukon crowded dwelling statistic is for all First Nations in the province, as Yukon does not have reserves (Statistics Canada, 2022a).
- Then, calculating the percentage of units funded through Section 95 by province, as a proportion of the total number of units funded (2016-17 to 2021-22). The percentage places each province from lowest percentage of units funded to highest percentage of units funded on the horizontal axis.
- The results of this analysis are presented in Figure 7. The further a province is from the black line, the less it is being served in alignment with its level of need.



Effectiveness & Impact – Renovation Programs

FINDING 9

The renovations provided under the suite of Renovation Programs support First Nations repairs and modifications/adaptations, but they sometimes do not cover the total cost of the renovation.

The renovations and modifications under the suite of Renovation Programs have supported First Nations, however the funding sometimes does not cover the total cost of the renovation required.

- First Nations must complete all mandatory repairs, which can cost more than the funding. In such cases, they must cover the remainder or any cost overruns with equity. As a result, this was identified as a challenge.
- Applicants also reported that funding for the RRAP program had been substantially cut over the years and was **increasingly inadequate to cover the cost of required repairs**.
 - While the maximum loan amount has increased to \$60,000 per unit, the budget available for the Renovation Programs has been reduced. For 2016-17 and 2017-18, the Social Infrastructure Fund topped up the Renovation Programs by \$60M (\$30M/year). This meant that in the years following 2017-18, the budget for the program dropped significantly. Paired with rising costs and inflation, the reduced program budget meant fewer units could be renovated.

“Changes in funding amount can cause challenges. For example, our community was used to doing ten RRAP repairs at \$16,000 [in a year]. Now we have thirty applications and only \$60,000 in total.”

– First Nations Applicant

A large-scale renovation costs approximately one third of the of the average per-unit Section 95 lifetime subsidy. For example, a \$60,000 renovation is on average 35% of the average per unit subsidy cost, and a \$75,000 renovation is on average 44% of the average per unit subsidy cost.

Additional details are provided in Annex G.



First Nations applicants reported an increasing need to adapt existing properties to meet the accessibility requirements of their senior population.

- RRAP-D provides funding to help modify on-reserve housing for individuals with disabilities. From 2016-17 to 2021-22, **322 projects** were committed under RRAP-D.
- HASI supports seniors in adapting their homes so they can live independently, with **663 approved** between 2016-17 to 2021-22.
- Many interviewed applicants stated that **suitable housing for community members with mobility issues** was one of their greatest unmet needs, typically because the community's housing stock was older and was not built with these populations in mind.
- With **more seniors living on-reserve**. Communities are experiencing increased need for disability adaptations due to changing population health. Applicants therefore identified a continued need for funding, as current amounts were insufficient to meet the need.

“We have a number of handicapped community members who asked for adaptations that we could not provide, so I worked it into my following year budget. However, when they went in to try and make [the units] accessible, the houses needed so much work they couldn't make the adaptations. I am still not able to help them. I put them under the ISC rehab program but it's still not enough: we were given \$40,000 but need \$90,000.”
– First Nations applicant



Effectiveness & Impact – Section 95

FINDING 10

There has been some success from the Section 95 Program regarding enhancing capacity and expertise in First Nations' on-reserve housing, however First Nations have noted some room for improvement.

There are continued challenges to enhancing First Nations' capacity and expertise in housing delivery and management.

- Although the Section 95 Program is not a capacity building program, it has an objective of enhancing capacity and expertise in on-reserve housing. The program has had some success in achieving that outcome, however it should be noted that other CMHC on-reserve programs are dedicated to increasing capacity for housing.
- Applicants reported that there continues to be **challenges to finding, training, and retaining housing staff** with the right qualifications. Turnover amongst housing staff was noted by First Nations as disruptive to implementing housing programs.
 - Limited capacity can pose barriers for First Nations in accessing these programs.
- That said, some applicants described positive steps towards capacity-building, including staff training to become certified property managers or who were obtaining relevant credentials.
 - CMHC and ISC has supported the establishment of the First Nations Housing Professionals Association, which provides professional development and housing manager certification.

Applicants described ongoing challenges in enhancing capacity and expertise in housing delivery.

“Right now, there is no allocated funding for managers in core dollars, so First Nations administration tends to pay [housing managers] minimally. It is a busy and high stress job, so there is a lot of turn over”.

- First Nations Applicant

- **All stakeholders recognized that the levels of capacity to manage housing among First Nations communities varied.** Some communities had recently established internal housing management, others have had housing management infrastructure in place for many years, while others continued to require CMHC to assist them in managing their on-reserve housing needs.
- Literature has noted that capacity support will ensure that communities can be more self-sufficient and can plan opportunities for education, training, and job creation (IFSD, 2021; PPF, 2016; Canada, 2015).
 - First Nations need to be able to have at least one housing management and administration staff person (PPF, 2016) responsible to manage housing (Canada, 2015) who is adequately supported in terms of professional development (PPF, 2016).

A few partners and applicants suggested building a network or hub of new and established on-reserve housing management staff, through which expertise, support and knowledge could be shared.

“CMHC does workshops for management, but what we need is more funding in the skills trades and CMHC does not fund this sort of training.”

- First Nations Applicant

There is no evidence the Section 95 program has increased access to private capital for on-reserve housing.

- The Section 95 Program and the 1996 On-Reserve Housing Policy have the objective of increasing access to private capital.
- There was no evidence from First Nations that the program has supported them in accessing private capital. The majority of capital for projects comes from CMHC Loans or from the First Nation.





EFFICIENCY & SUSTAINABILITY

Efficiency & Sustainability – Renovation Programs

FINDING 11

The suite of Renovation Programs offers seven sub-programs to meet different needs. However, some sub-programs have seen minimal uptake in recent years and there have been some noted inefficiencies and lack of distinction in practice.

The last five years have seen very few RRAP-Rental, RRAP-Secondary and Garden Suites, and RRAP- Conversion projects.

- Figure 8 below notes the number of approved applications and total funding allocated for each sub-program from 2016-17 to 2020-21.
- Note that a lack of projects for these sub-programs does not automatically indicate a lack of interest from landlords or for converted/secondary units, secondary suites.

Figure 8: Approved Applications and Funding, by Sub-Program (2016-17 to 2021-22)

	# approved applications	\$ (in millions)
Residential Rehabilitation Assistance Program – Regular (RRAP Regular)	2,483	90.7
Emergency Repair Program (ERP)	1,214	26.7
Home Adaptations for Seniors’ Independence (HASI)	663	5.9
Residential Rehabilitation Assistance Program for Persons with Disabilities (RRAP-D)	322	6.4
Rental Residential Rehabilitation Assistance Program (Rental RRAP)	5	0.1
Residential Rehabilitation Assistance Program – Secondary and Garden Suites (RRAP – SS/GS)	6	0.3
Residential Rehabilitation Assistance Program – Conversion (RRAP-C)	1	0.8

The suite of Renovation Programs are designed to meet different needs and different populations, but interviews have noted a lack of distinction between the programs.

- Figures 9 and 10 on the next page outline some similarities and differences between RRAP-D and HASI, and between ERP and RRAP Regular.
- In 2016, ERP was **brought on-reserve with the objective of undertaking urgent repairs necessary for safe occupancy**. ERP's introduction coincided with Budget 2016's Social Infrastructure Fund, which dedicated \$60M over two years to the Renovation Programs.
 - ERP's uptake since its introduction includes over 1200 approved applications and over \$25M committed (see Figure 8).
- Part of ERP's popularity may be because it is a contribution with a simpler process
 - during 2019-20, initial inspections were no longer required.
- The majority of internal CMHC staff agreed the addition of ERP in 2016 was useful, but that the program was increasingly indistinct from the other programs in the suite.
- Over time, the delivery of these programs has resulted in less distinction between programs. While some internal CMHC staff noted the suite of renovation programs were complementary, others gave examples of complexities and inefficiencies in having a variety of sub-programs:

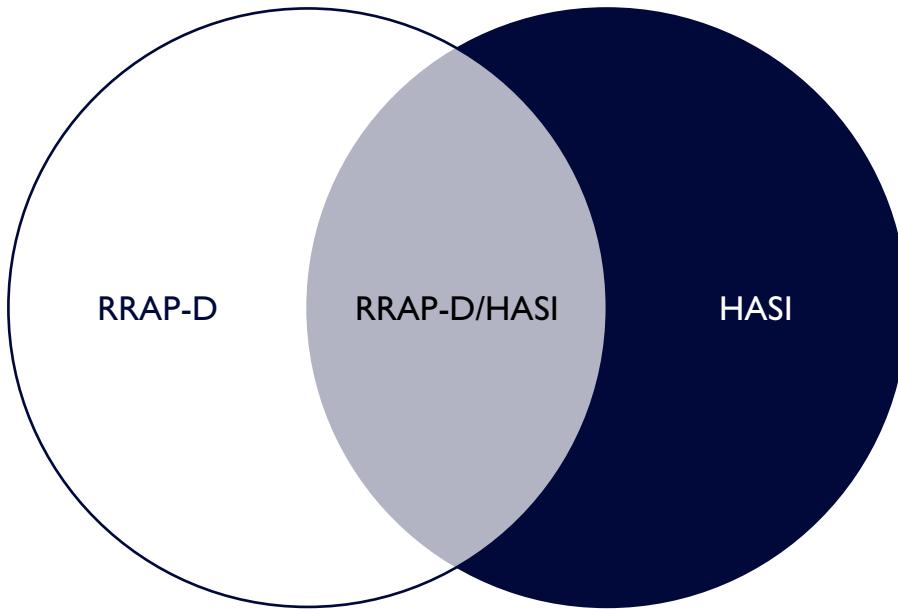
Example 1

First Nations clients had to 'pick and choose' between which funding program to apply for due to varying levels of funding, application complexity, inspections, rather than due to the type of renovation being pursued.

Example 2

In some cases, funding has been stacked across sub-programs to complete all eligible renovations when the cost is too high to be funded by solely one program.

Figure 9: A comparison of Residential Rehabilitation Assistance Program – Regular for Persons with Disabilities (RRAP-D) and Home Adaptations for Seniors' Independence (HASI)



RRAP-D

- **Aim:** support First Nation peoples with disabilities
- Up to **\$60,000** in funding
- Targets **persons with disabilities** (regardless of their age)

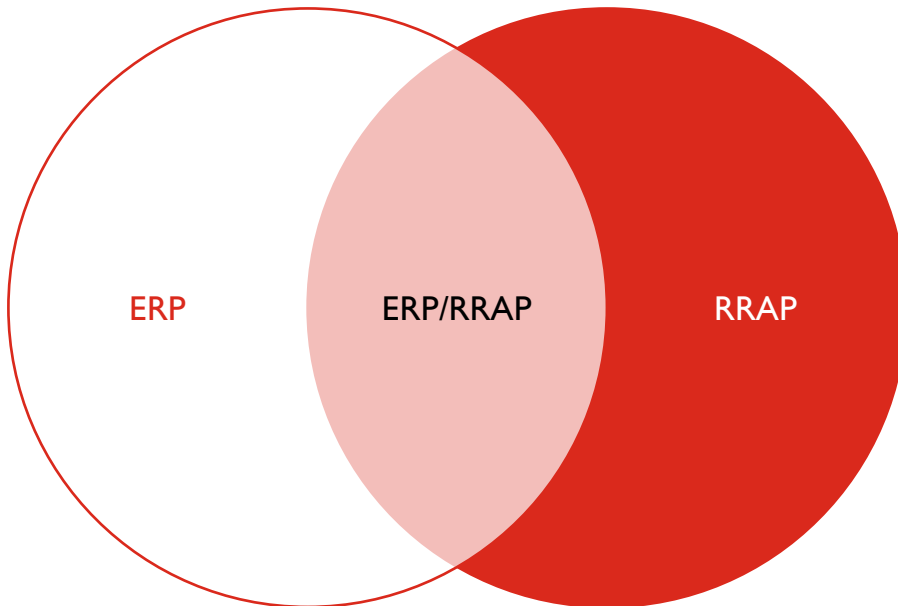
RRAP-D/HASI

- Improving accessibility through home modifications
- **Eligible items:** items that improve accessibility

HASI

- **Aim:** minor home adaptations for seniors with difficulties
- Up to **\$20,000** in funding
- Targets persons with **age-related condition or diminished ability** (aged 55+)

Figure 10: A comparison of Emergency Repair Program (ERP) and Residential Rehabilitation Assistance Program – Regular (RRAP Regular)



ERP

- **Aim:** urgent repairs for the continued safe occupancy of a house.
- Up to **\$30,000** in contribution

ERP/RRAP

- The occupants' income must be at or below the Forgiveness Income Limit (FIL)
- First Nations will determine priority of applications

RRAP

- **Aim:** major home repairs to bring properties up to a minimum health and safety standard.
- Up to **\$60,000** in forgivable loan

Effectiveness & Sustainability

FINDING 12

Positive changes have been made to the programs to align with client feedback. However, challenges persist regarding timelines, funding, guidelines, and the application processes that limit the programs' flexibility in addressing needs.

Since the last evaluations,² CMHC has made significant changes to both programs.

- The intent of these changes was to **reduce burdens, better streamline with other sources of funding, improve service delivery timelines, and deliver housing in the spirit of reconciliation**. For more details on the changes, please see Annex D.

To fill a gap for First Nations not eligible for a Ministerial Loan Guarantee, alternate securities were introduced for Section 95.

- CMHC's **Direct Lending Program requires** that loans for on-reserve lands (including those on settlement lands or lands set aside) be secured through a Ministerial Loan Guarantee (MLG). Some First Nations are not able to obtain an MLG. However, Section 95 guidelines state that MLGs are not the only acceptable security.
- CMHC **introduced four alternative types of security options in fall 2020**.

The maximum funding for RRAP, HASI, and ERP were increased to enable more complete and costly repairs and modifications.

In **2016-17**, the available financial assistance for RRAP On-Reserve increased to **\$60,000 per unit** (up to \$75,000 for remote/northern areas) from \$16,000 per unit (and more for remote/northern).

- Data on approved RRAP applications following this change (until 2021-22) indicates an average funding from CMHC of **\$36,520** – well above the previous amounts.

Issues such as insufficient funding were noted by CMHC and First Nations as part of engagement sessions and client feedback. As a result, in the **2020/2021 delivery year, funding limits for ERP and HASI increased by \$10,000**.

²The last evaluation of Section 95 Program was in 2017, covering up to the years 2015-16. The last evaluation of the On-Reserve Renovation Programs took place in 2003.

CMHC has also made changes to requirements and processes based on client feedback to reduce burden.

Section 95 Changes (from 2022)

- No longer requiring a **Band Council Resolution for Section 95**.
- No longer using **RRAP Standards** for Rehabilitation.
- No longer requiring an **Accountable Advance Comfort Letter** from Indigenous Services Canada to process an accountable advance.

Renovation Program Changes (from 2020-21)

- A **reduced application of three pages**, regardless of program or ownership.³
- **Removing the verification of incomes** reported on applications.
- **Lowering the age of requirement for HASI** from 65 years old to 55 years old.
- Removing the requirement to submit occupant **medical condition for RRAP-D**.
- Removing the requirement for an **initial inspection for ERP**.

A pilot is in place to better understand First Nations' community needs.

In 2023, a pilot was put in place to enhance the partnership approach with First Nations that will collect more needs-based information. It is expected that this will better meet the needs of First Nations with the available funding and support prioritization.

Despite these changes, the suite of Renovation Programs were perceived as inflexible.

For the **Renovation Programs**, interviewees of all groups and 38% of surveyed internal CMHC staff perceived that there was a lack of flexibility in the program.

There were mixed perceptions about Section 95's flexibility.

While some staff and First Nations thought the program was flexible and adaptable, others noted there were areas for improvements to better meet the needs of First Nations.

- Those who thought the program was flexible appreciated the ability to decide on the type and number of units in a project, as well as the ability to choose the types of materials used.⁴

There remains challenges as it related to program guidelines, standards and requirements, as well as timelines and funding.

These aspects inhibit the programs' ability to adapt to the needs and preferences of First Nations. Literature suggests that having a menu of options and approaches which can be adapted to local needs and preferences are needed to best serve on-reserve communities (Canada, 2015; PPF, 2016).

³ Previously, each sub-program and ownership type (band owned or owner occupied) had a separate application.

⁴ However, these materials are still constrained by budget limitations, as noted in Finding 14 regarding climate resilient and energy efficient building materials.

The realities of on-reserve communities make the Section 95 and Renovation Programs’ one-year timeline unfeasible.

- Timelines were noted as unfeasible by all First Nation partners and some First Nation applicants. The challenges that made the timelines unfeasible are as follows:



Obtaining materials



Shortened construction season in some communities



Accessing qualified professionals

- The majority of these interviewees recognized the importance of having some degree of fixed timelines, to ensure work was actually started; however, they felt that current timelines were unreasonably short
 - Note that this timeline is shorter for some programs such as ERP, because the program is designed to address urgent repairs. There is also a plan to advance delivery dates starting in 2023 to encourage First Nations to apply earlier.
- In northern communities, construction can only occur in the summer season, so funding would need to be available in April. Materials and labour are also more expensive, especially in remote communities.
- CMHC staff interviewees reported awareness of challenges with timelines and noted there would be benefits in extending and modifying them.

“CMHC needs to provide earlier notice of funding; you might [only] find out [about funding] in August, when half of the construction year is gone. Maybe if the RRAP programs were over two years, rather than just in one fiscal, that would be better, particularly for reporting.”

– First Nations partner

There were noted challenges with funding amounts and processes for both programs.

Section 95

- First Nation applicants perceived the year-over-year funding model as complicating the planning and management of resources.
- An analysis of internally available client feedback on this program noted that there were concerns with the indirect provision of funding (i.e., through intermediaries) and the timeliness of the release of funding models.

Renovation Programs

- Despite funding increases (as noted on page 34), some First Nations still perceive funding levels to be limited due to costs – especially considering the context of COVID-19 and inflation. CMHC staff interviewees reported awareness of this challenge and noted that there would be benefits in increasing budget caps.
- Some First Nation applicants and partners advocated for “single window” or “block funding” models as these could enable communities to allocate the available resources to housing as they deemed it would best serve their needs.
- Surveyed CMHC staff noted that some First Nations had expressed a preference for up-front funding as well as contributions rather than loans, as the Renovation Programs provide only 25% of funding up-front.

One point of access, “single window”, or “block funding”

Concept: A single point of access for First Nations to obtain funding for housing.

Why:

- Currently, both ISC and CMHC allocate funding for housing. There are also multiple CMHC programs that may serve First Nations on-reserve.
- Literature suggests that block funding would streamline First Nations' experience, increase the likelihood of matching need with funding, and reduce the resources needed for application and review (IFSD, 2021).
- CMHC staff interviewees note this would reduce administrative or bureaucratic burden and may increase flexibility.
- One suggestion brought forward was to reduce the number of contacts within CMHC that First Nations communities must connect with.

Stable, long-term funding

- The benefits of long-term, stable, flexible, and predictable funding on the ability of First Nations to implement their vision for their communities has been noted in several reports and documents (Standing Committee on Indigenous and Northern Affairs, 2022; IFSD, 2021; AFN, 2021).
- The lack of stable and predictable funding increase costs by preventing efficiencies such as the bulk buying of materials, the creation of regional distribution centers, and the creation of First Nation tradespeople workforces (PPF, 2016).

Program guidelines, standards, and requirements can be inflexible and prescriptive

The program guidelines, standards and requirements were perceived by First Nation applicants and by a few CMHC staff interviewees as **lacking flexibility and out of date**. Some noted issues as it relates to the guidelines, standards, and requirements include:

Table 7: Issues with Guidelines, Standards, and Requirements

Section 95	Renovation Programs
<p>Modesty standards, such as:</p> <ul style="list-style-type: none"> • the maximum home sizes, • limitations on the materials used.⁵ 	<p>Requirements to complete all repairs in RRAP Standards can be an issue, especially when the per unit maximum may not cover the total cost of repairs. The Standards have also not been updated since 2005.</p>

- As iterated in literature (PPF, 2016), criteria in programs place parameters on the size of units, available amenities, finishes and construction materials, as well as systems of techniques used in housing construction or repair.
- Beyond creating rigid norms, these criteria may not align with the social structures and lifestyles of their occupants (Dawson, 2008, as cited in Standford, 2021).

The documentation requirements and application processes can be a burden.

For both Section 95 and the Renovation Programs, an analysis of internally available client feedback and internal CMHC staff noted the **documentation requirements were extensive and very time consuming**, and the **application process was complex** – especially for the amount of funding.

- For **Renovation Programs**, clients noted that the documentation required was the same regardless of the size of the project.
 - Deadlines were perceived as unreasonable due to the extensive documentation requirements.
- For **Section 95**, First Nations noted that they felt overwhelmed by the large amount of documentation required.
 - Applicants noted that they received insufficient support during the application process, with some applicants stating issues understanding and completing the perceived large volume of documentation.

Internal reorganization of program delivery has improved efficiency but also contributed to a sense of disconnectedness among some First Nations.

- Internally, in 2018, CMHC’s **program delivery model has evolved from a centralized structure** (where a program team was responsible for all aspects of the process – guidelines, reviewing applications, and reporting) **to a model that has greater specialization** (one team responsible for guidelines, another for reviewing application, another team for reporting). This change reflected broader organizational changes at CMHC.
- In interviews with internal staff, the majority identified strengths of this model to be:
 - greater role focus resulting in the ability to specialize and develop expertise;
 - faster turnaround times; and
 - standardizing messaging, practices, funding across regions.
- However, some challenges of this model were raised. Some noted a disconnection within CMHC which impacts First Nations, who now work with many different groups and people within CMHC (rather than one single contact). Internal client feedback also noted that proponents felt “it was challenging to reach CMHC and figure out the appropriate individual to reach out to.”

⁵Maximum Unit Prices, which are also used by ISC, have changed to provide some adjustments and flexibilities. However, they still need to respect modesty criteria.

Efficiency & Sustainability – Renovation Programs

FINDING 13

Minimum health and safety standards were generally perceived as sufficient, albeit outdated. However, the requirement to complete all identified repairs poses challenges.

Within the suite of Renovation Programs, RRAP, ERP, and Rental RRAP have objectives of ensuring health and safety by assisting in repairs to bring housing to a minimum level of health and safety.

- According to **RRAP Standards**, repairs for bringing housing to this minimum health and safety level are mandatory repairs, and **all mandatory repairs must be taken for RRAP funding to be granted**. ERP, with the objective of emergency repairs, does not have this condition. Instead, ERP limits funding to repairs that are urgently required.

From a health and safety perspective, there are some benefits to mandating all repairs be completed. However, this requirement poses significant challenges.

- Some applicants agreed that this ensures that there are no “partially renovated” units, thus extending the life of the property. This helps ensure the program does not become a year-after-year maintenance program.
- Some internal interviewees generally noted that the standards are useful for establishing minimum requirements for safe housing, especially regarding fire safety. This is aligned with results from a survey of CMHC staff, where more than half of respondents (59%, n=38) agreed that the minimum health and safety standards are sufficient.
- On the other hand, some applicants saw this requirement as a key barrier, given that funding for the renovation was far below the amount required.
- These applicants felt that there were certain repairs that were more critical and could be prioritized, while other repairs were less critical. They suggested that those less critical repairs should be flagged as required, but optional.

The RRAP Standards are outdated.

- In terms of building requirements, the most current National Building Code of Canada applies in the absence of authorities having jurisdiction. Where the local requirements exist, the more restrictive requirement takes precedence.
- The RRAP Standards is a document that identifies the type and extent of work that is eligible for RRAP funding. The **RRAP Standards have not been revised since 2005**.
- A few interviewees noted that the RRAP standards were outdated and required review. Specifically, that the standards were developed off-reserve and are not fit for the on-reserve context, and that they are too strict or inflexible (such as with more high quality but durable materials).

Fire safety on-reserve

- Fire safety is especially important because not all First Nations are covered by emergency service agreements, thus increasing risk in case of fire (Office of the Auditor General, 2022). Interviewees have noted it is too important and should have separate funding to address the issue.
- First Nations and Inuit communities experience significantly higher rates of fire-related and burn-related mortality and morbidity compared to non-Indigenous people (Kumar, 2021). For example, 50% of the fatal fires investigated in Ontario had no smoke alarms, as per Office of the Chief Coroner's examination (Ministry of the Solicitor General of Ontario, 2021).
- For fire protection, RRAP Standards mandate units to have functioning smoke alarms. A few internal interviewees noted that these standards helped some communities establish fire codes.



Efficiency & Sustainability

FINDING 14

Section 95 and the Renovation Programs enable some climate resilient features, but budget constraints can limit efforts.

Section 95 and the Renovation Programs enable some climate resilient features but are not program outcomes.

- **Renovation Program** repairs intended for improving energy efficiency are considered “eligible repairs,” (and can only be completed when “mandatory” repairs are completed).
- From the RRAP Standards, most items are not eligible for replacement or upgrading solely for climate resiliency. There is some consideration for energy conservation when replacing existing deteriorated windows, doors, or heating equipment. (See Annex E).
- **Section 95** guidelines state that units are intended to be adequate and consistent with modest housing norms in terms of size, design, energy efficiency, and durability.
- Guidelines state that any “innovation in construction materials, systems or techniques,” which can apply to climate-related innovations, must be cost-saving.
- The Maximum Unit Price Calculator demonstrates that there are some adjustments in maximum eligible costs for projects that employ climate resilient features (e.g., structural integrated panels, meeting certain energy standards, rainscreen technology in coastal BC).

Funding levels are not sufficient for climate resilient buildings or materials.

- A majority First Nations applicants noted that they are now more selective about where they build new buildings and are more interested in using resilient materials. However, **budget limitations** impact selection of climate-resilient materials.
- Internal staff echoed these sentiments and recognized that funding amounts limit the building of more climate resilient units, since more durable or energy efficient materials are more costly. **Due to acute need of housing, more housing was sometimes prioritized over housing built with materials that last longer.**
- Programs such as Natural Resources Canada’s Greener Homes Grant, and programs from BC Hydro and others, offer products towards greater energy savings.

Climate change exacerbates existing vulnerabilities for on-reserve communities.

- Climate change has impacts on communities across Canada, but more greatly affect communities in **northern, coastal, and remote areas due to climate events** such as extreme temperatures, flooding, permafrost thaws, and wildfires (Expert Panel on Climate Change Adaptation and Resilience Results, 2018).
- These regions (where many reserves are located) have **higher sensitivity and exposure these events but lower adaptive capacity** (see Figure 11) due to geographic remoteness, fiscal pressures, substandard infrastructure, limited access to services, and reliance on shipments or food sources.

Climate resilient housing features would sustain the programs' benefits and lessen the impact of climate events on-reserve.

- Climate resilient units may have **greater longevity** as they can better withstand future climate conditions (Hildebrand, 2020).
- Greater durability and sustainability can be supported by **quality construction methods and materials**, whereas poor construction quality or inadequate housing may heighten a community's sensitivities to climate events (United Nations Environment Programme, 2021).

Figure 11: Formula for Climate Vulnerability (United Nations Environment Programme (2021)).

$$\text{Vulnerability} = \frac{\text{Exposure} \times \text{Sensitivity}}{\text{Adaptive Capacity}}$$



CONCLUSIONS & RECOMMENDATIONS

Conclusions

1. The Section 95 and Renovation Programs were first introduced on-reserve in the late 1970s. The operating context has evolved with Truth and Reconciliation Commission and Reconciliation efforts, the United Nations Declaration on the Rights of Indigenous People, and discussions on self-determination, including transfer of care and control of housing to First Nations. Notwithstanding these developments, there remains a need for programs that improve the condition and increase the supply of housing on-reserve, especially in the face of population growth.
2. While the programs are not designed to meet the entire need due to their limited funding, between 2016-17 and 2021-22, they have enabled:
 - the repair, renovation, or modification of 4,832 units by the Renovation Programs;
 - the construction, repair, or conversion of 4,800 units by the Section 95 Program; and
 - positive economic and social impacts for First Nations communities.
3. While the programs are aligned with federal and CMHC priorities, they have not seen any additional investments since Budget 2016. Indigenous Services Canada (ISC) also provides funding for housing on-reserve, which was increased in the 2022 budget. While the ISC pool of funding for housing on-reserve is considerably larger than CMHC, Section 95 and Renovation Programs complement ISC funding given the significant need for housing on-reserve.
4. The Section 95 and Renovation Programs are not always able to target funding towards First Nations most in need, in part due to the allocation methodology and the reliance on expressions of interest.
5. The Renovation Programs have supported First Nation repairs and modifications/adaptations; however, the program does not always cover the total cost of the renovation. There are also a few sub-programs under the Renovation Program suite that see very minimal take-up and are indistinct from each other in practice.
6. There has been some success from the Section 95 Program regarding enhancing the capacity and expertise in First Nations' on-reserve housing, however First Nations have noted some room for improvement.
7. CMHC has made changes to the programs to align with client feedback, but there are still challenges that impact the programs' ability to adapt to the needs and preferences of First Nations (timelines, funding processes, guidelines, standards, application processes).

Recommendations

1. To better align with the priorities of First Nations communities, adopt a more needs-based approach which:
 - a. offers the possibility for multi-year and/or block funding for First Nation communities;
 - b. further simplifies the suite of Renovation Programs;
 - c. proposes to Indigenous Services Canada and the Assembly of First Nations a revision of the national allocation formula that reflects the latest needs data, particularly for underserved regions; and
 - d. incorporates lessons learned from the pilot currently underway to enhance partnerships with First Nations.

There is a need for more renovations and new construction, with an estimated 34,000+ units needed across First Nations to meet housing needs which is exacerbated by faster rates of population growth for Indigenous populations. Rising construction costs have impacted the programs' outcomes and contributed to fewer units being built each year. This recommendation proposes options that enhance Section 95 and the Renovations Programs' ability to meet First Nation needs and priorities.

Multi-year funding models and/or block funding models would better enable First Nations to allocate funding to meet their needs and preferences. The current single-year funding model complicates the planning and management of resources and limits the ability of First Nations to enact their vision. A multi-year approach may also alleviate challenges with the timeline of completion for Section 95 and many sub-programs of the Renovation Program. Block funding would allow First Nations to determine how the funding can be used. As funding for the two programs are limited, this approach should also consider the role and contribution of other funding sources such as other CMHC programs and ISC's budget for housing on-reserve.

Already relying on one pot of funding, having **one universal Renovation Program** that eliminates the added process of the seven sub-programs (not including the Shelter Enhancement Program) may improve efficiency for CMHC and for First Nations. Each sub-program has its own guidelines, documentation requirements, eligibility, and maximum per unit funding amounts. While CMHC has reduced the burden for First Nations by creating one three-page application, regardless of sub-program and ownership, continuing to simplify the Renovation Programs can support more efficiency for CMHC and for First Nations.

The **national allocation methodology** for both programs was based on a tripartite agreement with Assembly of First Nations and Indigenous Service Canada and relies on Census data, which has not been updated since 2005 (using Census 2001 data). Since 2001, the core need of households have changed. Revising this would better reflect the need of First Nations on-reserve. If revising the allocation is not possible, CMHC could consider prioritizing future additional funding to First Nations of highest need.

In 2023, CMHC is launching a **pilot** that aims to enhance engagement with First Nations to gain a better understanding of community needs. Identifying and applying lessons from this pilot would inform CMHC's move towards greater needs-based delivery for more First Nations and better match funding with the needs and priorities of communities.

2. Revise program guidelines to promote greater flexibility and better align with First Nation priorities.

Renovation Program guidelines make it difficult to manage all mandatory repairs under the renovation program. Similarly, Section 95 modesty criteria do not allow for flexibility in the construction of units. Updating these guidelines for both programs would allow for increased flexibility and alignment with First Nation housing priorities.

- **Residential Rehabilitation Assistance Program (RRAP) Standards** identify the type and extent of work that is eligible for RRAP funding. They have not been revised since 2005. Considerations can include if the Standards are still necessary or useful, if they need to be updated to better fit the current on-reserve environment, and if they should include climate resiliency considerations.
- The **modesty criteria** limits the Section 95 unit's maximum home size and materials used. Reviewing and reconsidering the value of the criteria could better support long-term on-reserve housing goals, particularly as any flexibilities and adjustments that can be made to the Maximum Unit Price are still constrained by the modesty criteria.
- The **minimum health and safety standards** note that all mandatory repairs must be completed. This poses challenges in terms of costs to First Nations. Reviewing a prioritization of mandatory repairs could better support First Nations' utilization of the program and avoid cost overruns.
- This review should also explore a **cost-benefit model** to determine if a new unit may be a more efficient use of funding than a renovation. In a few cases, funding for large-scale renovations amounts to over half the average per unit new construction subsidy under Section 95.





ANNEXES

Key Acronyms

AFN	Assembly of First Nations
CMHC	Canada Mortgage and Housing Corporation
ERP	Emergency Repair Program
HASI	Home Adaptations for Seniors' Independence
I/O	Input/Output
IFSD	Institute of Fiscal Studies and Democracy
INAC	Indigenous and Northern Affairs Canada (former department)
ISC	Indigenous Services Canada
MLG	Ministerial Loan Guarantee
PPF	Public Policy Forum
RRAP	Residential Rehabilitation Assistance Program
RRAP-C	Residential Rehabilitation Assistance Program – Conversion
RRAP-D	Residential Rehabilitation Assistance Program for Persons with Disabilities
RRAP-SS/GS	Residential Rehabilitation Assistance Program – Secondary and Garden Suites

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ANNEX A: Detailed Evaluation Methodology

The following details the methodologies used for this evaluation:



External Literature and Data Review

This includes academic literature, grey literature (such as reports), documents from the Assembly of First Nations, and Statistics Canada data.



Internal Documentation and Data Review

This involves CMHC sources of data and documentation. The main data sources used were project-level data and financial data (expenditures and budgets) for the Renovation Programs and Section 95. Documents reviewed include program guidelines, program standards, process documents, other CMHC materials, and CMHC research.



Survey of CMHC Staff

An electronic survey was conducted of CMHC staff involved with program delivery using Voxco. 82 individuals completed the survey, and therefore had a completion rate of 54%.



Key Informant Interviews

The following groups were interviewed to inform the evaluation:

- 15 internal CMHC interviews (19 participants)
- 2 interviews Indigenous Services Canada representatives (3 participants)
- 13 First Nation interviews who have received funding from the programs (“First Nation applicants”)
- 7 First Nation partners (also referred as First Nation organizations)

The interviews were conducted by R.A. Malatest & Associates Ltd.

The sample of First Nations was selected to ensure representation across Canada. To reduce response burden of First Nations, the sample also took into consideration other engagement efforts from other evaluations and other internal consultations.

The evaluation intended to interview beneficiaries through a snowball sample, as well as First Nations that did not apply to the programs. However, this was unsuccessful.

ANNEX B: Detailed Methodology for Economic Impact Analysis

- Statistics Canada's Interprovincial Input-Output Model (I/O) is the model that was used for this analysis (Statistics Canada, 2021). In this simple model, Statistics Canada's I/O multipliers are used to estimate the total economic impact.
- The evaluation used committed expenditure amounts for Renovation & Section 95 Program projects for the analysis. The committed expenditure was assumed to be estimated within a material amount of the final budget cost. This estimated economic impact included commitments from 2015-2023. These multipliers were used to create a generic production function for the residential construction sector represented by residential building construction North American Industry Classification System (NAICS) code (2361). This code was used as the closest proxy to on-reserve renovations and on-reserve new units.
- The multiplier used for this analysis is based upon the 2017 Statistics Canada multipliers derived from the Canadian economy. Once the final budget cost estimate was calculated, the multipliers were applied to estimate jobs and GDP. The values were then converted to 2022 dollars.
- The first step in performing any analysis using the I/O multipliers is to understand how much revenue is being contributed within a specific sector. The analysis relied on the project funding committed for both the Renovation and Section 95 Programs. Each dollar related to project costs is viewed as 1 dollar of revenue for the rental construction industry. Given that the I/O multipliers are based up inputs needed to be converted to 2017 dollars. For purposes of this analysis, projects were included that were committed in the years 2015 through 2023. In order to ensure that consistent dollars were used, estimates were converted into 2017 dollars based upon the year that the project was approved. The Canadian Consumer Price Index was used to inflate or deflate budget estimates in each year. This relies on the assumption that the year the funding was approved is the same year that the project is constructed (i.e., the same year the money is spent).⁶ Once all project funding estimates were converted to 2017 dollars, the relevant input-output multipliers from the Statistics Canada input-output model were applied to the budgeted costs. Final impacts to GDP were converted to 2022 dollars using the Canadian Consumer Price Index.

⁶This assumption would likely have an immaterial impact on the outcome of the study

The three types of impacts are described in further detail below:

- **Direct Economic Impact:** Direct economic impact is the total amount of additional expenditure within a defined geographical area that can be directly attributed to activity within the sector. Direct economic impact represents the deliveries by domestic industries and imports necessary to satisfy final demand expenditures on products and services. An example of a direct economic impact is the GDP, and employment created directly by the operations of a residential construction firm.
- **Indirect Economic Impact:** Indirect economic impacts are the upstream activities associated with supplying intermediate inputs (the current expenditures on goods and services used up in the production process) to the sector. An example of an indirect economic impact is the purchase of goods and services (such as raw materials, utilities, office equipment, etc.) that the sector makes to meet their firm's needs.
- **Induced Economic Impact:** Induced economic impacts are an estimation of the production and imports associated with the spending of wages and income from the Sector. An example of an induced economic impact are the employees of a residential construction firm purchasing goods and services (at a household level) with their earnings. Induced economic impacts, while having significant effect on the Canadian economy, are difficult to forecast accurately and are sometimes not considered when evaluating a specific activity's economic benefit.

ANNEX C: Analysis of Known Core Housing Need for National Allocation Methodology

Based on the Section 95 and RRAP allocation methodology, the National Allocation Formula depends on:

- a. core housing need of actual/known households on-reserve;
- b. estimated housing need for non-response households; and
- c. regional cost factors.

Data on core housing need of actual/known households comes from the Census.

Section 95's is based on households below income thresholds in crowded housing (unsuitable).

- RRAP is based on households below income thresholds in unsuitable housing, inadequate housing, or both.

Based on this formula, this analysis uses Census 2001 and Census 2016 data to look at the % of households by province that fit under the core need conditions. Then, it examines the difference in the 15 years, as well as the percentage change. The analysis excludes the Yukon due to insufficient data.

Table 8: Section 95 – Comparison of Data on Core Need Households (in unsuitable housing), 2001 Census and 2016 Census

Province	2001 Census		2016 Census		Difference between 2016 Census and 2001 Census	% Change between 2016 Census and 2001 Census
	# of Households	% of Households	# of Households	% of Households		
Canada	3890	100.0%	5265	100.0%		
Atlantic	195	5.0%	194	3.7%	1.3%	26.6%
Quebec	240	6.2%	264	5.0%	1.1%	18.6%
Ontario	640	16.5%	720	13.7%	2.8%	16.8%
Manitoba	972	25.0%	1501	28.5%	-3.5%	-14.1%
Saskatchewan	860	22.1%	1452	27.6%	-5.5%	-24.8%
Alberta	425	10.9%	946	18.0%	-7.1%	-64.5%
British Columbia	530	13.6%	521	9.9%	3.7%	27.3%
Yukon		0.0%		0.0%	--	--

Table 9: Renovation Programs – Comparison of Data on Core Need Households (in unsuitable and/or inadequate housing), 2001 Census and 2016 Census

Province	2001 Census		2016 Census		Difference between 2016 Census and 2001 Census	% Change between 2016 Census and 2001 Census
	# of Households	% of Households	# of Households	% of Households		
Canada	21700	100.0%	31590	100.0%		
Atlantic	1435	6.6%	1534	4.9%	1.8%	26.6%
Quebec	1085	5.0%	1899	6.0%	-1.0%	-20.2%
Ontario	3320	15.3%	4627	14.6%	0.7%	4.3%
Manitoba	4657	21.5%	7736	24.5%	-3.0%	-14.1%
Saskatchewan	3700	17.1%	6453	20.4%	-3.4%	-19.8%
Alberta	2765	12.7%	6003	19.0%	-6.3%	-49.1%
British Columbia	3250	15.0%	3782	12.0%	3.0%	20.1%
Yukon	35	0.2%		0.0%	--	--

ANNEX D: More Details on Program Changes

This section provides more details on program changes to Section 95 and the Renovation Programs since the time of the last evaluations:

Alternate Forms of Security (Section 95)

The four form of alternative securities now accepted in addition to a Ministerial Loan Guarantee are:

- Pledge of land
- Leasehold interest
- Business revenue and personal property
- Letter of credit

Maximum Per Unit Funding Increases (Renovation Programs)

For the increases to RRAP's maximum per unit funding, they are noted below in Table 10:

Table 10: RRAP per unit forgivable loan limit changes

Pre 2016-17	Post 2016-17
Zone 1: \$16,000	\$60,000
Zone 2: \$19,000	(\$75,000 in areas defined as remote and northern)
Zone 2 Remote: \$23,750	

Issues such as insufficient funding have been noted by CMHC and First Nations as part of engagement sessions and client feedback. Table 11 illustrates the changes to per unit funding for the Home Adaptations for Seniors' Independence and the Emergency Repair Program.

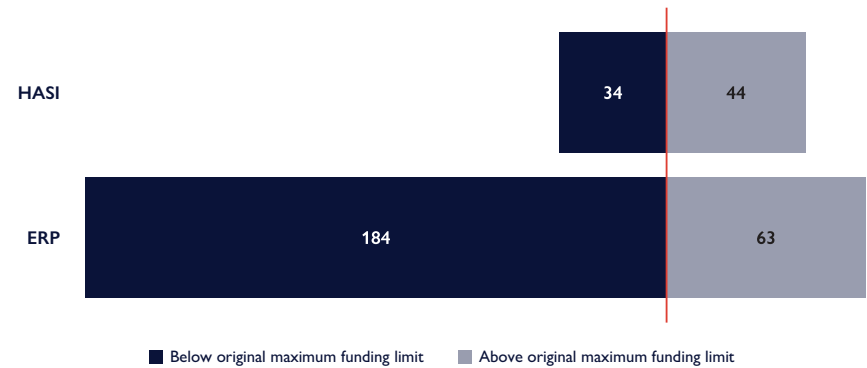
Table 11: HASI and ERP per unit funding limit changes

	Original funding limit	New funding limit
HASI	\$10,000	\$20,000
ERP	\$20,000	\$30,000

*In all cases, northern or remote areas may receive an additional 25%.

Figure 12 below uses program data to demonstrate the need for this increased limit by examining how many HASI and ERP applications were above the previous funding limit in the year that the increase occurred.

Figure 12: In 2020-21 44 HASI and 63 ERP applications received funding that exceeded previous maximum funding limits (of \$10k for HASI and \$20k for ERP) indicating that the increased funding limit was needed.



Note: "newly eligible" includes HASI projects that received \$10,001 to \$60,000 and ERP projects that received \$20,001 to \$60,000 (to accommodate for remote, northern, and special exception projects).

ANNEX E: RRAP Standards and Climate Resiliency

The table below outlines the climate resilient repairs and renovations noted in the RRAP Standards, and their eligibility for RRAP funding.

Climate Resilient Repair/Renovation	Eligibility for RRAP Funding
Upgrading heating equipment	Not eligible if solely for improving energy efficiency
Upgrading heat recovery ventilators	
Storm doors or windows	Not eligible if none existed previously
Draft proofing	Eligible even if for sole purpose of energy savings
Flood proofing	Eligible (not for substantial alterations or relocation)
Renovations for floodway-located dwellings	Not eligible

ANNEX F: Administrative Costs for the Programs

- To look at administrative costs, the administrative cost was examined as a proportion of budgeted funds. This data is based on budgets (estimates), not actuals.
- The **Section 95 Program's** average administrative efficiency ratio from 2016-17 to 2021-22 is **17%**.
- The **Renovation Programs** average administrative efficiency ratio from 2006-07 to 2021-22 is **15%**.
 - Year by year, the administrative efficiency ratio can vary significantly for Renovation Programs – from **as low as 2% to 32%**.
 - Some of the years with lower ratios can be explained through large injections of funding through budget top-ups of \$60M+, such as through:
 - Budget 2009's Canada's Economic Action Plan (CEAP) for 2009/10 and 2010/11.
- It should be noted that the administrative cost does not include the cost to First Nations for applying to the program.

ANNEX G: Analysis of Renovation Costs and Section 95 Subsidy Costs

Analyzing data from 2016-17 to 2021-22 for the Section 95 Program and the Renovation Programs we analyzed the percentage of a \$60k and \$75k renovation to the average subsidy per unit by province. This analysis let the evaluation team look at what percentage of a renovation cost is the cost of a subsidy.

Table 12: Analysis of Renovation Program Costs and Section 95 Lifetime Subsidy Costs

Province	Section 95: Average of Lifetime Subsidy	Section 95: Average of Total Units	Section 95: Average Subsidy Per Unit	Renovation of \$60k / average per unit subsidy	Renovation of \$75k / average per unit subsidy
Alberta	\$1,762,375	6.66	\$264,790	23%	28%
British Columbia	\$876,183	4.90	\$178,654	34%	42%
Manitoba	\$1,156,180	4.61	\$250,976	24%	30%
New Brunswick	\$312,628	2.45	\$127,552	47%	59%
Newfoundland and Labrador	\$298,959	1.83	\$163,069	37%	46%
Nova Scotia	\$318,898	2.87	\$111,159	54%	67%
Ontario	\$1,128,084	5.20	\$216,994	28%	35%
Prince Edward Island	\$173,969	1.50	\$115,979	52%	65%
Quebec	\$554,865	3.71	\$149,538	40%	50%
Saskatchewan	\$830,562	4.31	\$192,594	31%	39%
Yukon	\$861,172	3.13	\$275,575	22%	27%
Canada Average	\$752,170	3.74	\$186,080	35%	44%

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Alternative text and data for figures

Figure 1: Renovation Program Expenditures (2003-04 to 2021-22)

Fiscal Year	Legacy	\$295M Initiative	Canada's Economic Action Plan (CEAP)	Social Infrastructure Fund (SIF)
2003-04	16.3			
2004-05	13.5			
2005-06	14.1	0.8		
2006-07	20.4	8.0		
2007-08	9.5	7.5		
2008-09	12.5	1.1		
2009-10	18.2	0.3	60.7	
2010-11	15.0	0.2	63.4	
2011-12	13.3	0.0	0.2	
2012-13	18.3			
2013-14	14.0			
2014-15	13.8			
2015-16	14.6			
2016-17	18.8			20.9
2017-18	15.2			26.3
2018-19	14.9			
2019-20	13.2			
2020-21	14.8			
2021-22	13.4			

Figure 2: Based on 2022 internal data, Yukon and Alberta had the highest rates of units needing major renovations or replacement.

Territory and Provinces	Major Renovations Required	Replacement Required	Adequate Units
Yukon	35%	14%	52%
Alberta	30%	13%	57%
Manitoba	26%	7%	67%
British Columbia	23%	7%	70%
Saskatchewan	24%	3%	73%
Ontario	15%	6%	79%
Atlantic	16%	5%	79%
Quebec	10%	1%	89%

Figure 5: About one-third of First Nations (for which data is available) have many or most units in need of major renovations.

Some units (1 to 25%) are in need of major renovations	Many units (26 to 75%) are in need of major renovations	Most units (76 to 100%) are in need of major renovations
59%	29%	3%

*This excludes 9% of First Nations noted as having no units in need of major renovations, based on internal data on their housing conditions.

Figure 6: Those First Nations who have most units in need of major renovations are receiving a lower level of service.

Level of Need	Low (1-4 units repaired)	Medium (5 to 8 units repaired)	High (9+ units repaired)
Some units (1-25%) are in need of major renovations	34%	35%	31%
Many units (26-75%) are in need of major renovations	29%	37%	34%
Most units (76-100%) are in need of major renovations	50%	20%	30%

Figure 7: Overall, there is a lack of alignment between the level of need for additional units on-reserve and the number of Section 95 units funded.

Territory and Provinces	Level of Need (ranked based on replacement need and unsuitability), with 1 being the lowest level of need and 8 being the highest level of need.	Service Level (as per the proportion of units funded)
PE	1	0%
NB	2	3%
NS	3	4%
QC	3	10%
BC	4	13%
NL	4	0%
YT	5	1%
ON	6	19%
SK	6	20%
AB	7	10%
MB	8	20%

The graph plots out the need score on the y-axis and the service level on the x-axis. If the only consideration in funding units was the level of need, the service level (i.e. the proportion of funded units) should increase proportional with the level of need. Thus, First Nations living in provinces/territory with high need would receive the highest level of service and those living in low need provinces/territory would receive the lowest level of services.

Figure 12: In 2020-21 44 HASI and 63 ERP applications received funding that exceeded previous maximum funding limits (of \$10k for HASI and \$20k for ERP) indicating that the increased funding limit was needed.

	Below original maximum funding limit	Above original maximum funding limit
HASI	34	44
ERP	184	63

Note: “newly eligible” includes HASI projects that received \$10,001 to \$60,000 and ERP projects that received \$20,001 to \$60,000 (to accommodate for remote, northern, and special exception projects).