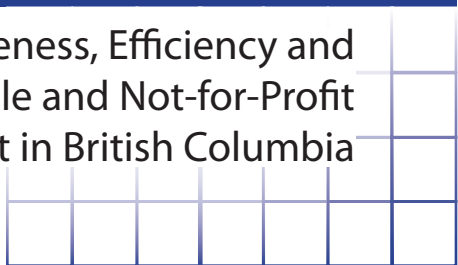




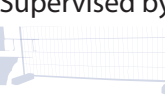
# An Evaluation of the CMHC Seed Funding for Housing Development Program

Consistency, Appropriateness, Efficiency and  
Effectiveness for Affordable and Not-for-Profit  
Housing Development in British Columbia



Supervised Research Project Report  
Submitted in partial fulfillment of the Master of  
Urban Planning Program degree

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August 2012



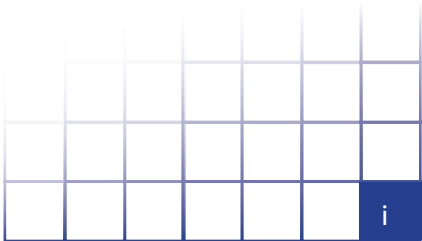
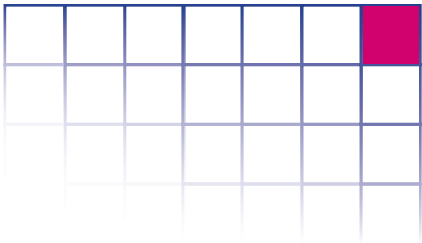
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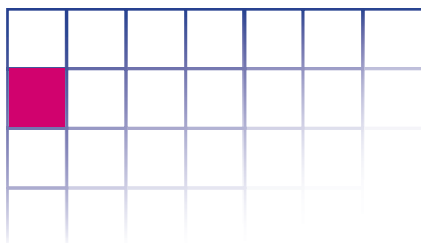
Abstract

As a country, Canada has a limited supply of affordable housing. In the context of devolving federal government responsibility in the social housing sector, the growing income gap between the wealthiest Canadians and the middle and lower classes, and the increasing cost of housing in Canada, the provision of housing that is affordable to a range of Canadians is becoming increasingly important. The third sector (non-profits, community groups) is increasingly trying to answer the call for more affordable housing. One of the few on-going, federally funded programs aimed at helping affordable housing development across Canada is Canada Mortgage and Housing Corporation’s Seed Funding for Housing Development Program.

The purpose of this study is to review and assess the Seed Funding for Housing Development Program. Part of the Affordable Housing Centre - a subsidiary of Canada Mortgage and Housing Corporation (CMHC) - the Seed Funding Program aims to help developers undertake an initial feasibility analysis of a proposed affordable housing project. This study will evaluate the strengths and weaknesses of the Seed Funding program in assisting target groups in British Columbia, specifically focusing on: not-for-profit organizations (small and large), and Community Groups.

The study is divided into two parts. Part one begins by using existing literature to outline the historical factors and circumstances that have led to the reduction in funding for social housing in Canada. Also included in part one is a discussion of the case study context, which includes the local British Columbia context and a profile of the CMHC Seed Funding program. Part two establishes an evaluation methodology and presents the overall findings of the evaluation of the CMHC Seed Funding program. This study concludes that the program is relevant and consistent, appropriate, efficient and fair, and effective and successful, according to the data collected for this study from CMHC and survey respondents (intended recipients of this funding). The evaluation does discover some key program limitations and concludes with several recommendations to improve this program for the intended users.



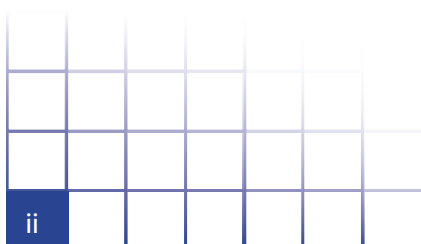


Le pays du Canada a un nombre limité de logements abordables. La fourniture de logements abordables à un éventail de Canadiens est de plus en plus importante avec les tendances de la dévolution de la responsabilité du gouvernement fédéral dans le secteur du logement social, l'écart croissant des revenus, et le coût croissant du logement dans le Canada. Des associations à but non lucratif cherchent à offrir plus des logements abordables. L'un des rares programmes financés par le gouvernement fédéral pour aider le développement de logements abordables est La Programme de financement initial de La Société canadienne d'hypothèques et de logement (SCHL).

Le but de cette étude est d'examiner et d'évaluer La Programme de financement initial. La Programme de financement initial fait partie du Centre du logement abordable de La Société canadienne d'hypothèques et de logement. Ce programme vise à aider les développeurs à entreprendre une analyse de faisabilité initiale d'un projet de logement abordable. Cette étude permettra d'évaluer les forces et les faiblesses de la Programme de financement initial en aidant les développeurs de logements abordables dans le British Columbia.

Cette étude est divisée en deux parties. La première partie commence par utiliser la littérature existante afin de comprendre des facteurs historiques et les circonstances qui ont conduit à la réduction du financement pour le logement social au Canada. On y trouve aussi une discussion sur le contexte local de la British Columbia et un profil de la Programme de financement initial.

La deuxième partie établit une méthodologie d'évaluation et présente les résultats de l'évaluation de la Programme de financement initial. Cette étude conclut que le programme est pertinent et cohérent, efficace et équitable et efficace et appropriées réussie, selon les données recueillies. L'évaluation identifie certaines limitations du programme et donne des recommandations pour améliorer ce programme pour les développeurs de logements abordables.

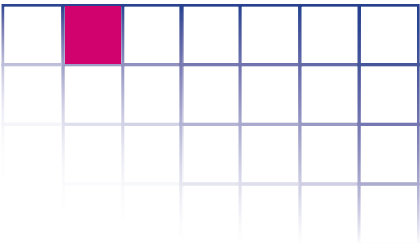


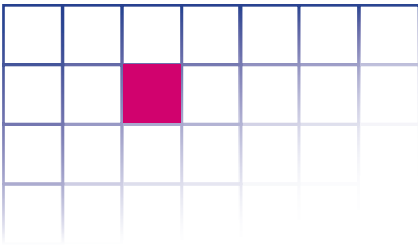
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I wish to thank everyone with whom I have discussed my research paper for their input and encouragement. In particular I would like to thank my survey and interview participants for partaking in this research, your readiness to help is greatly appreciated and is a testament to your own dedication to the issue of affordable housing in Canada.

I would also like to thank Don Elliott for listening to ideas, reading drafts and providing valuable input into this paper, it would not have been possible without your support.





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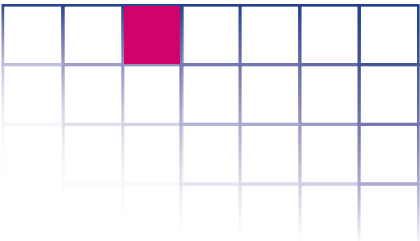
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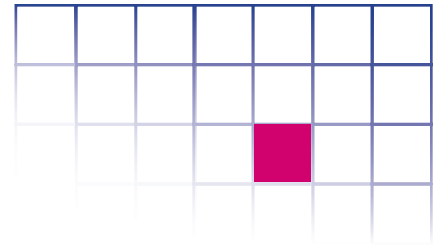
## INTRODUCTION

In 2006, the United Nations Committee on Economic, Social and Cultural Rights proposed that the Government of Canada consider homelessness and housing insecurity a “national emergency” (UNCESCR, 2006). In 2007, Miloon Kothari, the UN Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, and on the right to non-discrimination in this context, conducted a mission to Canada, confirming the assessments made by the 2006 committee. The private market has not effectively provided sufficient housing options, and in the context of devolving government responsibility for social housing, it is local communities and not-for-profits that are trying to respond to this need (Moskalyk, 2008).

In Canada, only 5% of the housing stock is located in the social housing sector (Whitehead and Scanlon, 2007), which is around 605,000 units of social housing.

The term social housing includes all housing receiving government assistance: public, non-profit and co-op (CMHC, 2011 and Wolfe, 1998). The breakdown looks something like this: 205,000 units are public housing – housing that is owned and operated by the government – and the additional 400,000 or so units belong to the third sector (DeJong, 2004 and Wolfe, 1998).

The limited supply of affordable housing in Canada affects a wide range of the population. More than 2,700,000 Canadians are paying too much of their income on housing (CCSD, 2007), and homeless estimates range from 150,000 to 300,000 Canadians (Laird, 2007). The Canadian Policy Research Networks reports that a “growing number of Canadians are homeless or living in poor housing, which threatens their safety, health and dignity” (2008), and insufficient income is now the number one cause of housing insecurity and homelessness (Laird, 2007 and Hulchanski, 2006). This is not only hard on the individuals and families who are in need, but it also is a burden on Canada as a society. As Wellesley Institute puts it, “precarious housing



and homelessness not only threatens the health of people who directly experience housing insecurity, but those two – combined with poverty, income inequality and poor health – affect us all.” (2011).

With devolution of responsibility for social and affordable housing over the past 30 years it is non-profits and community groups that build, convert, upgrade and administer affordable housing and housing supports. Obtaining housing is a costly, time-consuming endeavor; therefore, the need is not just for affordable housing, but, more importantly, for effective assessment tools and

funding opportunities for non-profit groups looking to provide affordable or low-income housing.

On a national level, the Canada Mortgage and Housing Corporation (CMHC) provides a progressive Seed Funding for Housing Development program, aimed at helping affordable housing development get off the ground. It is one of the few ongoing federal funding programs providing new funding in partnership with non-profits, co-ops or private entrepreneurs to create affordable housing in Canada. Since its beginnings in 2003 the program has never been evaluated.

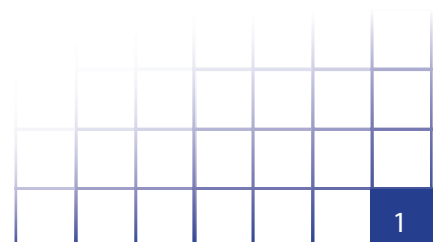
### What is the CMHC Seed Funding for Housing Development Program?

*The successful development of housing requires appropriate skills, expertise and commitment. Proponents need to be organized, and must know how to evaluate housing need and demand in their community, and how to obtain the money and other resources to make their proposed housing project a reality. CMHC Seed Funding provides proponents with financial assistance to carry out these initial activities.*

-CMHC, 2012

This program is designed to help housing developers and community groups who are interested in developing affordable housing options in their community perform a detailed feasibility analysis of a project, including: establishing need and sufficient demand for housing, preliminary financial viability and a business plan, exploring funding options, and other pre-development work such as procuring and assessing a site, preliminary design, and even incorporating a not-for-profit organization.

The maximum award from this program is \$20,000 per housing project proposal. This includes a \$10,000 grant (no repayment necessary), and an additional \$10,000 interest-free loan (repayable only if the housing project proceeds).




### I. Research Purpose and Objectives

The purpose of this study is to review and assess the Canada Mortgage Housing Corporation (CMHC) Seed Funding for Housing Development Program, in order to evaluate the strengths and weaknesses of this program in assisting target groups in BC, specifically focusing on: not-for-profit organizations (small and large), or a group of individuals who may or may not intend to become incorporated. Additionally, this study will assess the impacts of this program on those groups and present some recommendations.

Based on the general purpose of this research, the specific objectives of this research are as follows -

- To establish the broad context of the Canadian housing system, past and present, in order to understand the current environment in which Federal initiatives operate.
- To provide an evaluation of the CMHC Seed Funding program through a British Columbia case study, by assessing the relevance, appropriateness, and effectiveness/successes of this program by means of quantitative data as well as stakeholder/user surveys and interviews. The evaluation will answer the following questions:

- Relevance and Consistency -
  - a. How consistent is this program with broader federal government policies and objectives?
  - b. Does this program contribute to broader federal government policies and objectives?
  - c. How consistent are the stated goals of

2						

this program with the actual programmatic activities (internal consistency)?

#### ○ Appropriateness -

How does this program align with stakeholder/user priorities?

#### ○ Efficiency and Fairness -

Is this program designed and implemented in the best possible way according to stakeholders/users? How could the delivery of this program be improved?

#### ○ Effectiveness and Success -

How well is this program achieving its intended outcomes and impacts? What unintended outcomes have materialized?

- To provide several concrete recommendations for future operations and/or program expansion.

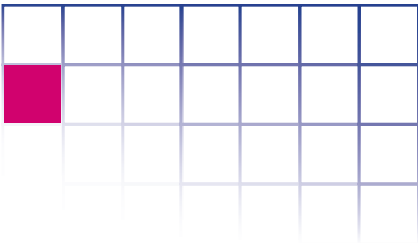
It is anticipated that this paper will be of interest to the Canada Mortgage and Housing Company which administers this program, as well as non-profit affordable housing providers, BC Housing, BC Non-Profit Housing Association, and other policymakers, planners working in the affordable housing field. While this study focuses on specific the context of British Columbia, the research conducted may provide valuable insight to other provinces.

### Why British Columbia?

Due to the complexity of collecting data from all the groups in the various provinces and territories that have been, or are, using Seed Funding, the scope of this study will focus on one province, British Columbia. British Columbia is one of the few provinces actively providing new funding and financing for social and affordable housing (Wolfe, 1998, CMHC, 2011). This makes British Columbia an interesting case study.

Additionally, BC has high average rents and low vacancy rates, which leads to increased instances of housing need. Newfoundland and Labrador, Ontario and British Columbia have the highest incidences of core housing need in Canada (CMHC, 2008). According to the most recent CMHC Market Information (Spring 2012), British Columbia has the second highest average monthly rental costs and the highest housing costs, almost twice as much on average as compared to other provinces in

Canada (CMHC, 2012). Vacancy rates in BC rank in the middle when compared to the other provinces. However, a general decrease in vacancy rates across all of Canada, coupled with high rental rates and stagnant income levels for middle and lower classes, demonstrates the need for affordable housing in British Columbia (Laird, 2007).

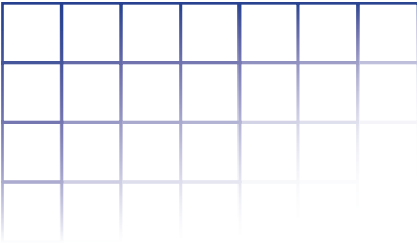


British Columbia also has a strong non-profit housing association, the British Columbia Non Profit Housing Association (BCNPHA). BCNPHA has its own research department, and has produced a number of qualitative and quantitative studies on the state of affordable housing development in BC. BCNPHA has also been the main source for contacting survey participants for this study.

II. Outline of the report

This paper is divided into two parts. Part one provides the background and foundations for the research in this paper. Included in part one is a review and analysis of the Canadian housing system. This includes housing need, housing provision, and housing policy at the national level. This helps to establish the broad context that affordable housing developers operate in by tracing the particular political, economic and social forces that have shaped current policies and funding priorities, including the Seed Funding program. Also included in part one is the case study context. The case study context includes a profile of the current housing system in British Columbia, and background on the CMHC Seed Funding program.

Part two is the evaluation of the CMHC Seed Funding program. This part of the report establishes a program evaluation methodology through a review of program evaluation literature and comparable studies. Once the methodology is established, the evaluation findings are presented and discussed. Surveyed eligible program users provided the data for evaluation through an online survey about their experiences using the program. These results are supplemented with interview information obtained from CMHC in regards to internal program monitoring. The survey results are organized within the evaluation categories of relevance and consistency, appropriateness, efficiency/fairness, and effectiveness/success. Using the results of the evaluation, recommendations are included at the end of this report in the hope of improving the Seed Funding program in the future.



## PART ONE: BACKGROUND AND RESEARCH FOUNDATIONS

### 1 Foundations of the Canadian Housing System

As mentioned in the introduction, housing insecurity is a national concern, as it affects a broad portion of Canada's population and reflects broader social and financial trends such as income distribution. Poverty is now the leading cause of homelessness over other 'traditional' causes such as mental illness or addiction (Laird, 2007). Insufficient income means many Canadians cannot afford the housing they need.

Housing, however, is a complicated topic and understanding housing in any context is challenging. The way that housing functions in a nation can be described as a "housing system," which, much like a healthcare system, is affected by the interplay of many different components (Hulchanski, 2006). Please see the following subsection: "Need," for a discussion on how housing and health are linked.

#### *What is a housing system?*

A 'housing system' refers to the "method of ensuring (or not) that enough good-quality housing is built, that there is a fair housing allocation system, and that the stock of housing is properly maintained." (Hulchanski, 2006, p. 222). Hofer and Gurstein add to this definition, stating that 'the housing system encompasses the building and financial systems and the regulatory environment.' (2009, p. 6). According to David Hulchanski, the Director of the Centre for Urban and Community Studies at the University of Toronto, Canada "has its current *housing system*

thanks to a long history of government activity and to the on-going role of all levels of government in creating and maintaining Canada's particular approach to supplying, allocating, and maintaining the nation's housing stock." (2006, p. 225).

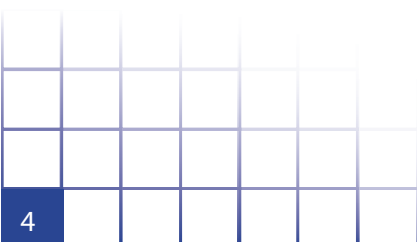
Hulchanski also argues that specifically referring to a 'housing system' is important, as housing discussions often either focus on the housing market, which infers a lack of government activity, or government housing policies, which usually infers a redistribution of funds to those in need. In actuality, the current Canadian housing market is, and has always been, affected by housing policies aimed at aiding homeowners and those Canadians supposedly acting solely within the private market (Hulchanski, 2006). Therefore, this paper will use the term 'housing system' to encapsulate all elements of housing in Canada from the private market, to government involvement in the provision (building and financing), maintenance, and regulation of Canada's housing stock.

This chapter focuses on providing a clear understanding of the Canadian housing system. For the purposes of this paper, the discussion of the Canadian housing system will focus on housing need, housing provision (market and government) and the housing policies that influence the government's particular role in the housing system. Housing need is added to the definitions of the housing system provided by Hulchanski (2006), and Hofer and Gurstein (2009) discussed above, because housing need and demand are important elements of 'ensuring that *enough* good quality housing is built,' and factor into a 'fair housing allocation system.' (Hulchanski, 2006). Additionally, it is specifically affordable housing *need* that the non-profit sector in British Columbia is trying to provide for.

Housing provision, the act of supplying housing, is included in the discussion because it includes the building and financial systems, as well as who is supplying: the private market, or the government, or third party groups such as non-profits. Finally, housing policy is discussed as it impacts both direct government involvement in housing provision and indirect involvement in housing provision through non-profits, as well as the private market through subsidies and mortgage insurance

#### *Methodology*

The main sources of information for part one of this research are books, academic articles, and reports from research groups, Canada Mortgage and Housing Company (CMHC) and reputable online sources (grey literature). Additionally, statistics collected by Statistics Canada (StatsCan), and CMHC are also included where






If there is a consensus, it is that poverty (and measures of poverty) have become more complex and dynamic in the last decade. Many households are falling in and out of poverty, just as a substantial although unverified number of Canadians fall in and out of sporadic homelessness. Income and housing security are fluid trends and, increasingly, unconnected to the positive gains of top income Canadians.

- rooflessness (living on the street or in emergency shelters)
- houselessness (living in various types of shelters or institutions)
- insecure housing (living under threat of eviction or violence), and
- inadequate housing (living in unfit or overcrowded conditions)

Additionally, there is the element of time, which factors into the definition of housing need, this includes:

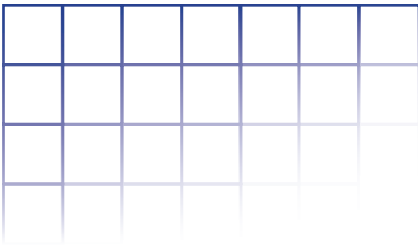
- chronic homelessness (long-term or repeated homelessness)
- cyclical homelessness (resulting from a change of circumstance), and
- temporary homelessness (relatively short in duration)

While Echenberg and Jenson have opened up a conversation about homelessness and the housing continuum at the top levels of government, Canadian policy-makers still have progress to make in working towards an official definition of homelessness. The lack of a clear definition may be tied to the lack of a unified housing plan or strategy, one of the elements of Canada's housing system that was critiqued by the UN Special Rapporteur Miloon Kothari discussed in the introduction (Wellesley Institute, 2011 and Laird, 2007).<sup>1</sup> These various definitions do have overlapping themes, however, acknowledging a continuum of housing need and the dynamic, or fluid, housing status of those homeless or at risk.

It is important to outline the continuum of housing need, because it outlines the need for a continuum

- 1 The most recent proposed housing plan, Bill C-304: *Secure, Adequate, Accessible and Affordable Housing Act*, died on the docket with the failure of the proposed budget in March, 2011, and the election triggered by the vote of non confidence in the government by Parliament (NUPGE, 2011 and Wellesley Institute, 2011).

□



of housing responses. Traditionally, this continuum consists of the following social housing , or non-market housing solutions: emergency shelters, transitional housing, public housing, and market or near market rental ('affordable' because it is older, poorly maintained rental stock), and affordable homeownership supported by both federal and provincial policies. Please see figure 1 on the right.

This 'traditional' continuum does not address the need for affordable housing for medium to low level wage earners, or what Hofer and Gurstein refer to as 'intermediate housing' solutions. Hofer and Gurstein define intermediate housing as:

"A distinction [that] is increasingly being made between housing affordability for the lowest income households who access social housing and those who...cannot afford market housing but whose incomes are too high to qualify for social housing. This term is used in the UK for housing that costs less than market housing but more than social housing." (Hofer and Gurstein, 2009, p.2).

This distinction, while not the main focus of this paper, is important to outline especially in the context of British Columbia (Curran and Wake, 2008). In BC, housing prices are the highest in Canada, and among the highest in the world, and with a growing gap between income and housing prices, those in need of 'intermediate housing' in BC are steadily increasing (Hofer and Gurstein, 2009). Reflecting these trends, affordable housing developers in BC provide housing across this continuum.

Non-profit housing developers providing affordable housing without operating agreements with the provincial or federal governments may provide

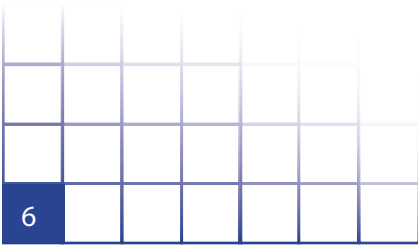
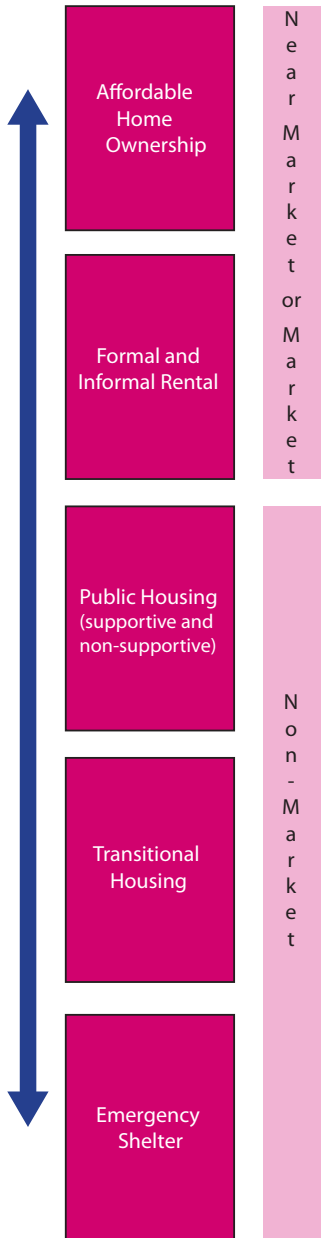
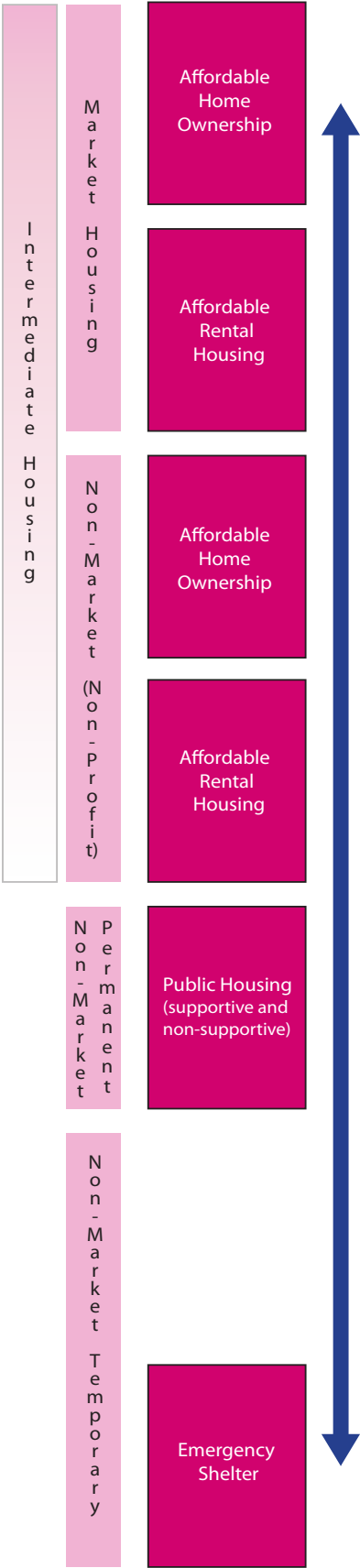


Figure 1: Traditional Affordable Housing Continuum



Source: Adapted from Curran and Wake - SmartGrowth BC, 2008, p. 3

Figure 2: New Affordable Housing Continuum



Source: Adapted from Curran and Wake - SmartGrowth BC, 2008, p. 3; Metro Vancouver, 2011; Hofer and Gurstein, 2009



‘intermediate housing’ as well, aiming to catch this group in need of affordable housing, which in BC encompasses household incomes ranging from \$35,000 to \$65,000 (Hofer and Gurstein, 2009). Figure 2, on page 6, shows a new affordable housing continuum, demonstrating the need for both non-profit affordable housing developers and the private market to provide housing solutions across a continuum of need. On this continuum the ‘intermediate’ housing bar, shown as a gradient, indicates that while non-profits can provide intermediate housing, these groups also provide housing aimed at the homeless and those at risk.

While there is no official definition of homelessness, Canada does have an official definition of housing need. Although somewhat flawed, this definition provides a consensus on a national definition of need, which helps inform housing policy and provision.

CMHC’s Core Housing Need

Currently in Canada, the term “core housing need” has been developed by CMHC to help define households in housing need. Households are in core housing need if they live in housing that is inadequate, unsuitable, or unaffordable and would have to spend 30% or more of their total before-tax household income to pay the median rent of a suitable alternative in the local market (CMHC, 2010).

According to CMHC, adequate housing is housing that is reported by residents as not needing any major repairs. Affordable housing means that costs should be less than 30% of the total before-tax household income. This includes rent, mortgage, and utilities payments. Suitable housing is housing that has sufficient bedrooms, according to the National Occupancy Standard (NOS), for the size and make-up of the resident households (CMHC, 2010).

In order to calculate the number of households in core housing need, CMHC uses Canadian census data collected by Statistics Canada (StatsCan), which include the following indicators: household income, type, and size of household, condition of dwelling, and shelter costs. Additionally, data on rents paid in the relevant Census division is collected by CMHC bi-annually and is included in this calculation (CMHC, 2012 and HRSDC, 2012).

Some homeless advocates believe that relying heavily on this one composite indicator of core housing need is problematic and that Canada’s method of tracking diverse housing numbers and assessing need is flawed (Wellesley Institute, 2011). The two biggest arguments are that by relying on census data collected by StatsCan, core housing need is measured only once every five years, and that this


measurement relies on self-reported data. Additionally, with the recent cancellation of the mandatory long-form census, the reporting of housing need numbers will likely be affected (Wellesley Institute, 2011).

It is also important to note that “the CMHC’s measurement of the number of at-risk households in Canada is clouded by its revision of federal census statistics.” (Laird, 2007, p.88) In fact in 2005, CMHC made major corrections to its 2001 census analysis. These adjustments included lowering the number of income-challenged households (from 34.5% to 25.7%) and reducing the estimate of at-risk households (from 2.2 million to 1.5 million) (Laird, 2007). In his 2007 report for the Sheldon Chumir Foundation for Ethics in Leadership called *SHELTER, Homelessness in a Growth Economy: Canada’s 21<sup>st</sup> Century Paradox*, Gordon Laird suggests that “CMHC’s analysis of affordability frequently runs parallel to the real estate industry itself, with which the CMHC does much business – nearly \$1 billion in profits in 2005, mostly from its government franchise selling mortgage insurance necessary for real estate transactions.” (p. 89).

Housing Need in Canada

Despite the difficulties with the currently accepted standards of reporting on housing need, the numbers that are available can only help to characterize how housing need affects individuals, the local community and the broader country of Canada.

○ How Many?

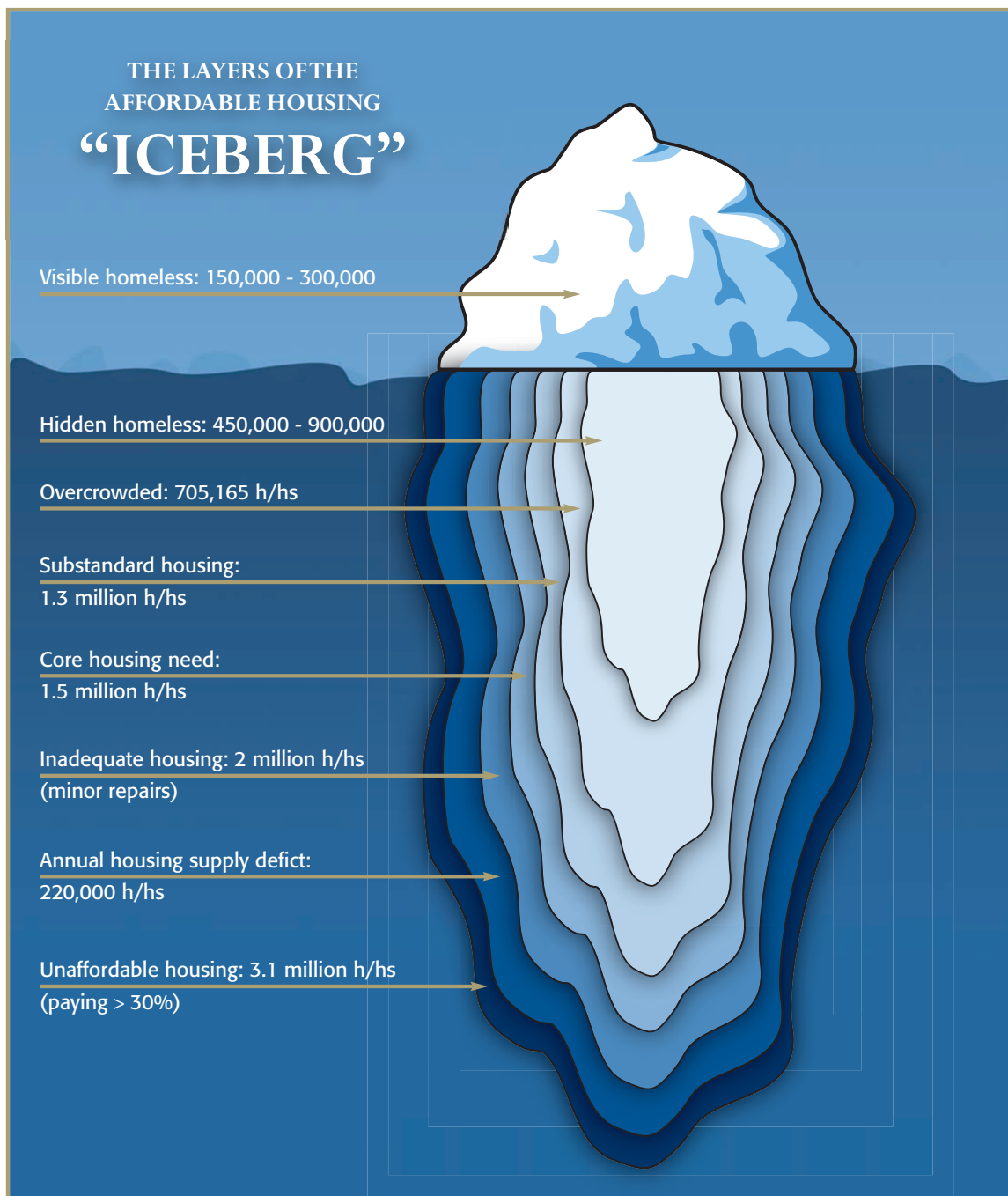
Canada’s National Secretariat on Homelessness estimated the number of homeless to be around 150,000 in 2005. However, estimates including the hidden homeless suggest there may even be up to 300,000, or twice as many homeless (Laird, 2007). On top of that, StatsCan reported 1.7 million (one in seven) households were in core housing need based on 2006 census data (StatsCan, 2006 and CMHC, 2011).<sup>2</sup>

The Wellesley Institute in Toronto takes it one step further and enumerates all those in need from the visible homeless to those living in unaffordable housing (2010). Please see figure 3 on page 8.

2 Note StatsCan will be releasing the equivalent data from the 2011 census on September 19, 2012 (StatsCan, 2012).

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**Figure 3:** The Layers of the Affordable Housing 'Iceberg'



Source: Wellesley Institute, 2010, p. 32

In 2001, BC's former Ministry of Social Development and Economic Security estimated the cost of homelessness to be \$30,000 to 40,000 per person, inclusive of the costs of health care, criminal justice, social services, and emergency shelter costs. This estimate, which Laird quotes as the 'most-often cited estimate on the per person annual cost of homelessness,' (2007, p. 87), provides a monetary value to the cost of homelessness in Canada, and, using this study, Laird conservatively estimated that from 1993, when the new program delivery by the federal government ended, to 2004, homelessness cost Canadian taxpayers around \$49.5 billion, or 4.5 to 6 billion annually.

to \$42,000 for emergency shelters, compared to \$ 13,000 to \$18,000 for supportive and transitional housing, and \$5,000 to \$8,000 for affordable housing without supports (singles and families).

In Canada, as in many countries, disadvantaged groups including seniors, older women, single moms, the disabled. Aboriginal people. All these and other disadvantaged groups face a disproportionately high share of housing distress.

While disadvantaged groups face a disproportionately high share of housing instability, it is important to underline that poverty has become a leading cause of homelessness over the more traditional causes of mental illness or substance abuse. Gordon Laird cites some cities as estimating that up to half of their street homeless population have jobs (2007). He refers to those groups now dealing with housing instability as the 'new homeless.' (2007, p.4).

The infographic displays five housing options with their respective costs in dollars, each accompanied by a teal icon. The costs are: Shelter Bed (\$1,932), Provincial Jail (\$4,333), Hospital Bed (\$10,900), Rental Supplement (\$701), and Social Housing (\$199.92). The Hospital Bed is the most expensive, while Social Housing is the least expensive.

Housing Option	Cost (\$)
Shelter Bed	\$1,932
Provincial Jail	\$4,333
Hospital Bed	\$10,900
Rental Supplement	\$701
Social Housing	\$199.92

In 2005, Steve Pomeroy came to a similar conclusion in his study prepared for the National Secretariat on Homelessness, *The Cost of Homelessness: Analysis of Alternate Responses in Four Canadian Cities*. Institutional responses to homelessness (prison, detention, and psychiatric hospitals) across the four cities of Toronto, Vancouver, Montreal, and Halifax were \$66,000 to \$120,000 per person per year, and \$13,000


Key groups facing housing insecurity across Canada include youth, seniors and aboriginal peoples.

**Youth** are a part of Canada’s ‘new homeless.’ These youth often represent a large portion of what advocates and policy-makers call the ‘hidden homeless,’ which includes the following housing situations: couch surfing, living in crowded or unsafe conditions, or using emergency shelter (Evenson, 2009, p. 12). Laird traces the decline in youth earnings, who are on a “lower earnings track” than older groups, as a precursor to their status as part of Canada’s ‘new homeless’ (2007, p. 39). He estimates that nearly one in seven emergency shelter users are children, and that youths (16 to 24) make up almost one-third of Canada’s homeless population. Jeff Evenson estimated that roughly 65,000 young people were homeless or living in shelters in his 2009 report, *Youth Homelessness in Canada: A Road to Solutions*.

Another group, **seniors**, is one of the fastest growing age cohorts in Canada. The number of seniors (age 65+) reached nearly 5 million, increasing 14.1% between 2006 and 2011 to a represent a record 14.8% of the total Canadian population. This rate of growth was higher than that of children aged 14 and younger (0.5%), and youth and adults aged 15 to 64 (5.7%) (StatsCan, 2012). According to the 2006 census data, senior households (14.4%) were more likely than non-senior households to be in core housing need (CMHC, 2010). This is a trend that has likely continued as the senior population increased significantly between 2006 and 2011.

Finally, it is also important to highlight **aboriginal** housing need, as aboriginals as a group are over-represented among the homeless and at-risk across Canada. While the share of aboriginal people living in crowded homes declined as of the 2006 census, aboriginals were still four times more likely to live in overcrowded situations than non-aboriginals. Aboriginal people are also three times as

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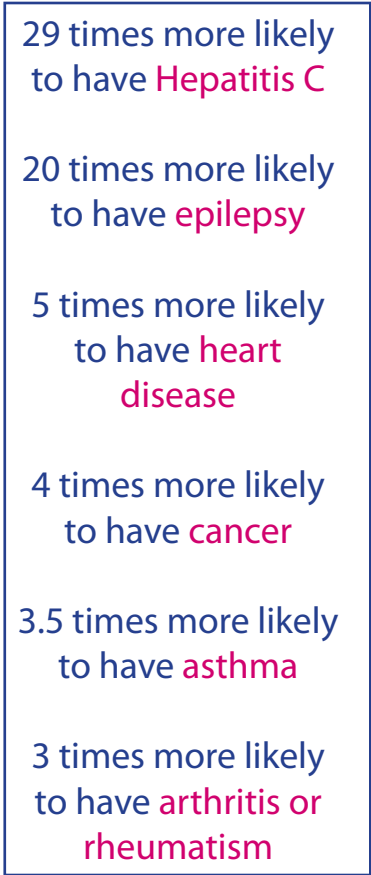
likely to live in housing in need of major repairs, compared to the non-aboriginal Canadian population, and this is a trend that did not improve between 2001 and 2006 (StatsCan, 2010). Gordon Laird found in his research that “housing and homelessness weighs heavily on a young, fast-growing Aboriginal population that is considerably more at-risk for poverty, affordability problems and homelessness.” (2007, p. 40).

### Additional Impacts

Research and previous studies have identified a link between homelessness and poor mental and physical health. In the 2010 report, *Precarious Housing in Canada*, the Wellesley Institute concluded that

“housing is one of the most influential determinants of health. Good housing is a critical requirement for good health; and poor housing/homelessness is linked to increased illness and premature death.” (p. 15).

Figure 5: Homeless Health Impacts



Source: Wellesley Institute, 2010, p. 20

While it is harder to establish directly that better housing leads to better health, the Wellesley Institute also found that “data suggest that housing improvements can lead to an important shift in health outcomes for individuals with histories of homelessness or marginal housing.” (2010, p. 21)

Housing insecurity affects more than just the individual(s) living in need; whole communities, as well as the larger nation, are impacted by housing insecurity. Starting in the late 1990s and early 2000s, after the federal government removed itself from funding any new social housing, Canada witnessed an unprecedented surge in homelessness (Laird, 2007). In his study of Canadian homelessness and housing need, Gordon Laird characterizes the effect housing insecurity has on communities:

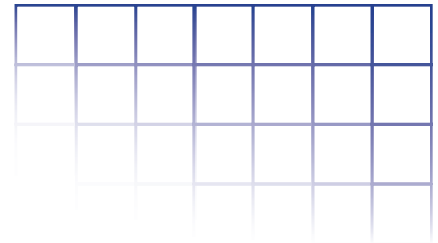
“Across Canada, homelessness and lack of affordable housing has begun to diminish the competitiveness of urban economies, add to public debt at all levels of government, as well as erode the health of our towns and cities.” (2007, p. 8).

This finding also underlines the effect housing need has on business and the economy.

Michael Shapcott, Research Associate for the Centre for Urban and Communities Studies at the University of Toronto, also concludes that housing insecurity is bad for business. In his submission to the TD Forum on Canada’s Standard of Living, he quotes the Toronto Board of Trade report from 2000:

“For Toronto’s business community, homelessness affects the size of our productive and motivated workforce... unless addressed, homelessness will reduce Toronto’s global competitiveness.” (2002, p. 6).

Using the CMHC measure for housing need (flawed though it may be), census data and other studies, this study has been able to outline current housing need in Canada. The questions that follow become ones of provision and policy. How does Canada provide for housing? What policies address housing need?



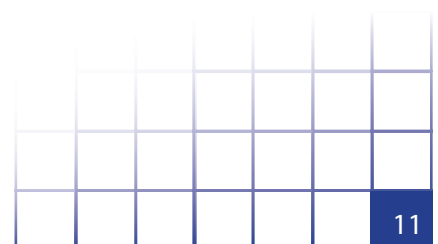
## II. Provision

In a capitalistic market economy the housing industry, by definition, must produce for those who have the resources to take its products off the market, otherwise its entrepreneurs would be forced out of business. This has meant, and can only mean, that adequate housing is not provided automatically in western industrial societies for those persons with modest or inadequate resources.

Albert Rose (1980, p. 2)

In western industrial societies, housing is provided through the building system, the financial system, and the regulatory environment, which monitors those systems (Hofer and Gurstein, 2009, and Carter, 1997). Additionally, provision is about who supplies/administers these systems, and this includes developers, the government and non-profit groups, among many diverse actors (Carter, 1997). In a true capitalistic market economy, the government plays little to no role in the provision of housing, yet, as Rose points out in the opening paragraph, the market cannot automatically provide for those who do not have the resources. Those with modest or inadequate resources create what Hulchanski terms a ‘social need,’ rather than a ‘market demand,’ and, echoing Rose, Hulchanski argues that “a housing system based on market mechanism cannot adequately – if at all – respond to social need.” (2006, p. 223). It is while attending to this ‘social need’ that governments tend to get involved in directly delivering housing.

However, there are many ways that a government can be involved in, or influence, housing provision. Examples include: mortgage assistance, subsidies, regulatory environment (e.g. building codes), social housing (direct delivery, direct subsidy, or capital investment), rent control, tax expenditures, land and zoning regulations (e.g. inclusionary zoning laws), as well as research in






the housing/building field (Hulchanski, 2006, Hofer and Gurstein, 2009, Richards, 1995). Governments have even used new housing construction to stimulate the economy (Hofer and Gurstein, 2009). It is also important to underline the other players impacting housing provision: builders, renovators, lenders, manufacturers and suppliers of building products, land developers, real estate agencies, architects, and engineers. Tom Carter, of the University of Winnipeg, identifies the most influential groups, writing, “some of these – builders, renovators, developers, nonprofit groups, and government – play key roles in the housing production process.” (1997, p. 595).

### Housing Provision in Canada

Canada’s housing system relies heavily on the private market for the provision, allocation, and maintenance of its housing system (Hulchanski, 2004, Hofer and Gurstein, 2009, Rose, 1980). Only 5% of Canada’s housing stock is in the social housing sector. In Europe, the social need for housing is attended to at a much higher rate than in Canada; 35% of the housing system in the Netherlands is in the social sector, 25% in Austria, and 17 – 21% in Denmark, Sweden, the UK, and France (Scanlon and Whitehead, 2007).

Considering the role of the market mechanism in the housing system, many assume that government policy has a small role in housing provision in Canada. However, this is simply not the case. No clearer is the heavy role of the government in influencing the provision of housing than in the financial system of the homeownership sector. An example of this is the long involvement of the government with mortgage assistance and, specifically, CMHC’s Mortgage Insurance Fund (MIF), created in the 1950s, which provides insurance for residential mortgage loans to Canadian homebuyers (Hulchanski, 2006).

The result of years of federal involvement in the homeownership sector is a strong homeownership rate at

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around 63%, although some would argue this has come to the detriment of the lower-income renters (Hulchanski, 2006, and Carter, 1997) This tale of the homeowner versus the renter, and the decisions that the government has taken to either involve itself, or remove itself from housing provision is discussed in the following section.

### III. Policy

Canadian housing policy includes the following essential elements: legislation, financial resources, responsibility for initiating action, and appropriate administration agreements (Rose, 1980). Legislation outlines the specific approach that the government will take to solve a particular problem “the legislation and the regulations written for such legislation really prescribe the beneficiaries for whom governmental action is intended and the conditions under which potential beneficiaries may, in fact, receive the support or assistance provided by the legislation.” (Rose, 1980, p. 17). Financial resources implements legislation. In his book, *Canadian Housing Policies, 1935 – 1980* (one of the most often cited works on Canadian Housing Policy), Albert Rose underlines the importance of financial resources backing a policy. He explains that “what is meant by ‘action’ in the field of housing is a series of political and legislative decisions to devote a portion of scarce economic resources to this activity rather than to another.”(1980, p.4).

Responsibility for initiating action and appropriate administration agreements refers to project initiation and to running the project on a daily basis. Rose emphasizes that responsibility for initiating action is the “real test of housing policy,” because this is the step where housing provision should be aligned with housing need (Rose, 1980). If the policy fails at this step, it is “more properly attributed to lack of initiative than to a lack of resources.” (Rose, 1980, p.17).

In many western countries, an official housing plan or strategy outlines the fundamental goals of the nation’s housing policies. For example, the United States and England have “an integrated affordable housing and homelessness strategy on a time gram that operates independently of election cycles and bureaucratic interests.”(Laird, 2007, p.8). Under the Bush Administration, a 10-year plan to end chronic homelessness was put into place with an annual budget of \$4 billion (Laird, 2007). By contrast, Canada “has instead relied on a statement of objectives associated with each new or altered housing program.”(Rose, 1980, p.7).

### Linked Policies

It is important to indicate here that housing policy alone cannot address all of the complicated elements affecting housing insecurity. Other policy areas greatly influence a successful housing system. These include the aforementioned area of health, in addition to policies aimed at poverty/income assistance, disabilities and homecare, social policy<sup>3</sup>, immigration, and fiscal policies<sup>4</sup>. Additionally, as discussed briefly in section II, the building regulatory environment, zoning, land and site requirements, planning policies, and servicing standards are also linked to housing insecurity. Tom Carter explains that while “regulations are legitimate tools that ensure the quality of housing and living environments in a community, ... they can add to the cost of housing, restrict and discourage innovation, and result in a lengthy and complex approval process.” (1997, p. 596)

### Trends in Housing Policy and Funding in Canada

In order to understand the current housing system in Canada, it is important to outline the various programs, with their differing objectives, that have been used to aid the housing system, according to Wolfe (1998), “almost every form of aid imaginable to housing provision has been tried during the past 50 years.” (p.123). These housing programs demonstrate the evolution or, as some put it, devolution, over time, of housing policy in the Canadian context.

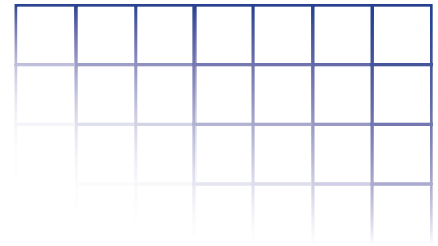
Two key themes in academic literature run throughout Canadian housing policy, which are part of Hulchanski's 2004 'conceptual framework for thinking about Canada's housing problems,' but are also noted, to a lesser extent, by Rose (1980), and Wolfe (1998). These themes will be highlighted in the following timeline:

#### ■ Intergovernmental relationships and jurisdiction:

Hulchanski outlines that “one important element of the policy debate over housing in Canada – especially the effort to create a more inclusive system- is the jurisdictional issue: Which level of government is or ought to be responsible for what part of the housing system?” (Hulchanski, 2004, p. 229).

3 In Canada, “Social policy can be defined broadly to include income support such as seniors' benefits, unemployment insurance and tax credits, employment and labour programming, education, health and social housing, and social services.” (Hicks, 2008).

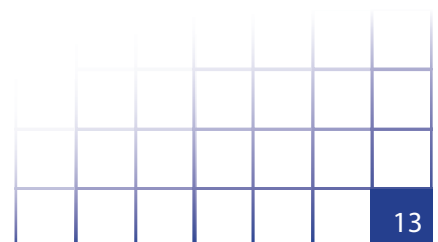
4 For example a number of different federal taxation policies, in effect since 1972, have continuously discouraged investment in rental housing (Hofer and Gurstein, 2009).



Over time, the responsibility for social housing has devolved from the federal government to the provinces/territories and, more recently, become even more decentralized with municipalities and not-for-profit housing developers taking on much of the responsibility for affordable and social housing provision.

#### ■ Canada's Dual Housing Policy:

Canada's decisions to help the 'primary' sector of the housing system over the 'secondary' sector is based on two different models of “social practices and strategic accommodations designed to address specific problems of the day relating to both the production of goods and services and their distribution,” also referred to as the welfare state (Hulchanski, 2004, p.237). In Canada, there are two welfare states: the social security welfare state, which ensures the economic stability of the middle class, and the social assistance welfare state, which provides for those in need. Since 1940, when the postwar social security welfare state first emerged along with the federal government commitment to increasing Canadian homeownership, the social security welfare state has taken precedence over the social assistance welfare state. This has translated into decades of policy that favors the primary housing sector (80% of households, including most owners and higher end market sector tenants) over the secondary housing sector (20% of households, includes everyone else on the lower end of the market, or those in need of affordable housing).



home-ownership, which is an important element of the Canadian housing system and Canada's housing policies.

The following analysis of trends in housing policy runs from the early 20<sup>th</sup> century, when the federal government started to pass housing legislation, to the present, broken down into the following phases adapted from Richards' three phases of Canadian social housing:

- Phase 1 (1919 to 1972): Urban Renewal, Community Building and Public Housing
- Phase 2 (1973 to 1985): Mixed Income Non-Profit and Co-operative Housing Programs, and the Expansion of the Social Housing Stock
- Phase 3 (1986 to the present): Targeting Assistance Based on Need and Spending Restraint
- Current State of Housing Policy in Canada

Richards' three phases of Canadian social housing policy from *Home Remedies: Rethinking Canadian Housing Policy* (1995) provides some structure and organization to the historical progression of Canadian housing policy. While there are other ways of organizing the timeline of housing policy, much of the scholarly work reviewed for this report aligns with these phases, including Hulchanski (2006), Wolfe (1998), Rose (1980), and Carter (1997).

It is important to note, however, that while Richards focuses on social housing, the analysis provided in this study will include all housing policy since, as academics – Hulchanski (2006), Wolfe (1998), Rose (1980) – point out, the Canadian government has a long history of aiding

Richards' three phases of Canadian social housing policy from *Home Remedies: Rethinking Canadian Housing Policy* (1995) are as follows:

#### Phase 1 (1929 to 1972):

The first phase extending until the late 1960s, was dominated by the construction of publicly managed housing projects target toward poor tenants. During this phase, federal tax treatment also encouraged private rental property development: generous treatment of depreciation absence of capital gain tax, availability of real estate investment as a tax shelter (real estate losses could be applied to reduce other taxable income).

-Richards, 1995

#### Phase 2 (1973 to 1985):

During the second phase – roughly 1970 to 1985 – federal housing policy expansively subsidized nonprofit societies and tenant co-operatives to build a stock of public funded housing. The intent was to move Canada toward a "European model," creating a large, publicly subsidized rental housing stock that would assure high-quality, low-rent accommodation to all modest-income Canadians. These "third sector" landlords were neither government agencies nor private developers. To avoid the problems arising in large, government-run projects that concentrate poor families, public policy in this phase favored 'income mixing' in third sector projects – providing 'shallow' subsidies to middle-income tenants and 'deep' subsidies to poor tenants. Public subsidies were only weakly targeted toward the poor. On average, about one-quarter of third sector tenants were poor and in receipt of a 'deep' subsidy; three quarters were nonpoor receiving a 'shallow' but nonetheless substantial subsidy.

- Richards, 1995

#### Phase 3 (1986 to the present):

Given the very large, poorly targeted subsidies entailed in the second phase, and growing concern with federal deficits, the Conservative government eliminated mixed-income third sector projects in 1985. As in the first phase, regulations for new social housing projects have become much more restrictive: tenants are restricted to those with low incomes and/or severe identifiable handicaps (such as mental illness). By the 1990s, the size of the federal deficit led to severe curtailment of new social housing starts...

- Richards, 1995

Additionally, a detailed timeline of housing policy and events accompany the housing policy discussion along the right hand side of the page to supplement the discussion and act as a reference for the reader.



## ○ Phase 1 (1919 to 1972): Urban Renewal, Community Building and Public Housing

### Analysis:

While the first housing program was put in place in 1919, it was the Dominion Housing Act (1935) and the National Housing Act (1938) that established the federal government's primary role in providing financial support to the housing industry, through reducing risk to mortgage lenders and funding for social housing (primarily for workers and families in need during the war). This social housing was part of the social mindset Hulchanski describes as the social assistance welfare state, or providing for those in need (Hulchanski, 2006).

In the 1940s post-war prosperity and returning veterans increased housing demand significantly. At this point, banks were not involved in the housing market; there was no mortgage insurance, no land development industry, and many of other the tools in place in the housing system today did not exist (CMHC, 2006). In response, the government established the Canada Mortgage and Housing Corporation (the Central Mortgage and Housing Corporation until 1979), which created low rental housing programs, like the joint-lending program, to encourage a boost in rental housing construction and stimulate the economy. These CMHC programs were designed to encourage private sector investments, CMHC also started constructing large-scale subsidized housing (e.g. Benny Farm and Regent Park) to address the needs of those without the resources to obtain housing within the traditional market sector (CMHC, 2006 and 2011).

**1946-1947 Benny Farm (Montreal)** Canada's first subsidized housing development was built, aimed at housing veterans. At 18 acres with 384 units, this was also one of the largest developments in Canada.

**1947-1954 Regent Park (Toronto)** was built, making it Canada's first public housing project, covering 69 acres with over 2,000 units.

It was at this time, with the post-war prosperity and the emergence of a strong middle class, that Hulchanski traces the emergence of the social security welfare state, which developed to "ensure high living and accumulation standards [for the middle class] over the ups and downs of the economic cycle." (2006, p. 239).

### Timeline:

1919

**1919** The first Canadian housing program helped WWI veterans buy houses

**1935** The *Dominion Housing Act* was Canada's first housing legislation enacted to increase housing stock and counter the effects of the Depression, this act established the primary role of the federal government in providing financial support to the housing industry, primarily by reducing risk to mortgage lenders.

**1938** The *National Housing Act (NHA)* went further than the Dominion Housing Act by providing for the construction of new housing and the improvement of current housing situations (repairs) and living conditions. First act with funding for Social Housing.

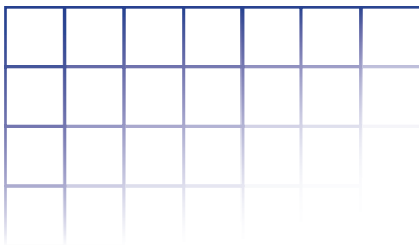
**Average annual housing starts in the 1930s: 30,000**

**1941-1947** The federal crown corporation, *Wartime Housing Limited (WHL)*, successfully built and managed around 46,000 units of affordable housing for war workers in factories (e.g., munitions) and veterans.

**1944** The *Curtis Report ("Housing and Community Planning" Report)* outlined a plan to provide for post-war housing needs. Due to number of Canadians (1/3 of the country's citizens) unable to afford market rental housing, one of the main recommendations included developing low-cost, large-scale rental housing.

**1944** The federal government provided funding to municipalities for 'slum clearance'

**Average housing starts in the early 1940s: 50,000**

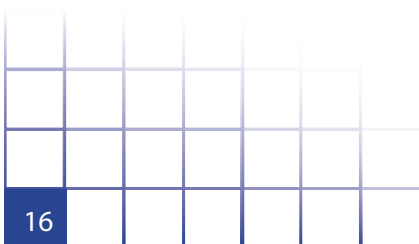


The social assistance and the social security welfare state now exist simultaneously, and in the words of Carter, "In the post-war period, governments saw their role as fixing up market shortcomings and helping those whom the market could not serve." (1997, p. 596).

Public housing was developed in partnership with provinces (funded through the federal government and administered by the provinces). For market housing, the government took steps to expand the mortgage market in 1954, which included the Bank Act, and introduced mortgage loan insurance (through the Mortgage Insurance Fund) (CMHC, 2006). These two acts had the desired effect on the production of housing and were a large factor in encouraging suburban growth during this time (Wolfe, 1998).

In the 1960s, aging urban infrastructure and a desire to increase the public housing stock led the federal government to provide grants to cities across Canada for urban renewal. The goal was to tear down worn buildings and to build assisted housing (CMHC 2006 and 2011).

"During this era, non-profit groups began their long involvement in helping create housing for those of low or modest income. In 1956, more than half the units approved under the Limited Dividend Program (see timeline under 1946) were to non-profit groups. The federal government also provided grants to cities, to encourage them to tear down derelict buildings and build assisted housing." (CMHC, 2006, p.39).



## 1946

**1946** The *Central Mortgage and Housing Corporation* (*Canada Mortgage and Housing Corporation* in 1979) was created to lead national housing programs when the NHA was amended post-World War II. CMHC took over the Wartime Housing Limited's housing stock.

The *Low Rental Housing Programs* were created to encourage private sector investment into new rental home construction (to help stimulate the economy) through long-term mortgages at lower rates for low - to moderate-income households. These included:

- The *Joint-Lending Program* provided partially backed mortgages, guaranteeing repayment to banks and other lending institutions.
- The *Rental Guarantee Program* provided a minimum-revenue guarantee to developers.
- The *Limited Dividend Program* provided builder shareholder dividends limited at 5%.

### 1949 Amendments to the NHA:

- The *Federal-P/T Public Housing Program (Section 79)* developed joint federal-provincial programs, to provide publicly owned, jointly-funded (75% federal, 25% provincial), provincially-managed housing for low-income Canadians, persons with disabilities and seniors. Rents were geared to income (RGI). Municipalities could be asked to help fund part of the Provincial housing bill, and often management of public housing was delegated to local housing authorities (e.g. Ottawa Community Housing or Toronto Community Housing). This led to a modest 12,000 social housing units to be built before the 1963 public housing program was enacted to actively increase the Canadian public housing stock.
- The *Private Housing Market* also received Improvements including mortgage loan insurance to make homeownership more accessible to Canadians, and increased research into advanced construction techniques and building materials.

### Annual housing starts in the late 1940s: 90,000

**1954 Amendments to the NHA:** the federal government provided funding to municipalities for 'urban redevelopment'.

The *Bank Act* was changed to allow chartered banks into the field of mortgage lending and the *Federal Mortgage Insurance Fund (MIF)* was created to encourage these banks to lend in a risky mortgage market. This program benefited both individual homebuyers and private investors in the rental market.

**Housing starts in the 1950s: close to 1.2 million, bringing the stock up to 4.7 million units by 1961.**

At the same time, jurisdictional difficulties influenced the amendment of the PublicHousing Program (1964), requiring joint provincial funding, which led to the formation of Provincial Housing Corporations. These corporations initially only channeled federal moneys to municipal projects, but over time became major players in social housing, renovation and renewal.

The jurisdictional question at hand: municipal affairs versus urban affairs. The provinces believed housing to be a municipal affair, which is under provincial jurisdiction, while the federal government considered housing to be an urban issue that cuts across government jurisdictions and departments. Housing was among the urban issues the Ministry of State for Urban Affairs (MSUA) tackled during its short existence (1971 – 1979). Many provinces believed that urban issues and municipal affairs were synonymous and resented the federal government for trying to coordinate elements in their jurisdiction. The MSUA was abolished in response to popular concerns about ‘big government’ overstepping onto provincial jurisdiction

### Government Operating Agreements

Most of the housing developed after WWII and before government withdrawal from the social housing sector in the mid-1980s, was developed under long-term ongoing subsidies usually governed by an operating agreement between the government (federal or provincial) and the housing provider (non-profits, housing co-operatives, or publicly owned organizations, like Ottawa Community Housing). These agreements usually contained provisions for rents, tenant selection, and financial controls. The amount and type of subsidies ranged from one-time capital funding, to gap funding for the difference between income gained from rents geared to income (RGI) and actual operating costs (economic rents), to reduced interest rates on mortgages. As mortgages were often the single largest cost, operating agreements were linked with a development's mortgage, and the “underlying presumption behind the structuring of an operating subsidy is that once a mortgage matures, cash flow requirements will substantially decline and the project will be able to continue to operate and serve its low-income clients at an affordable rent level.” (Mousseau, p. 11).

## 1963

**1963-1964 Amendments to the NHA:** The federal government provided funding to municipalities for ‘urban renewal’.

- The **Public Housing Program** was part of a decision to increase the public housing stock, allowing CMHC to make long-term loans to provinces, municipalities or public housing agencies looking to purchase or build public housing stock. An additional amendment provided gap funding for up to 50% of annual operating losses to public housing project operating on the RGI approach (for up to 50 years). This policy change also *required* joint provincial funding and led the Provinces to create housing corporations in order to manage and channel federal money to local and municipal housing corporations (e.g. Ottawa Community Housing or Toronto Community Housing). Ownership remained with the agency or level of government that conceived the project.

This “public housing” program created about 200,000 public housing units in Canada (2% of the current housing stock) until the program was discontinued in the mid-to-late 1970s.

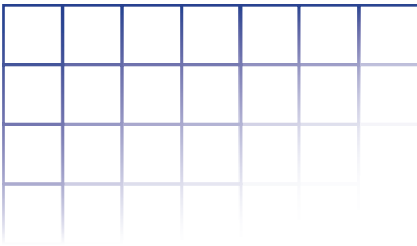
**1968** The **Co-operative Housing Federation of Canada** was founded

**Housing Starts in the 1960s: Over 1.5 million, bringing the housing stock up to 6.3 million units by 1971.**

*Since the early 1970s a steady stream of house purchase assistance programs has maintained Canada's ownership rate at about two-thirds (Hulchanski, 2006).*

**1971** The **Ministry of State for Urban Affairs (MSUA)** was created to coordinate ‘urban’ issues such as housing, transportation, and public works. Abolished in 1979.

**1972** The introduction of the **Capital Gains Tax**, from which the profit from the sale of an owner-occupied house is exempt.



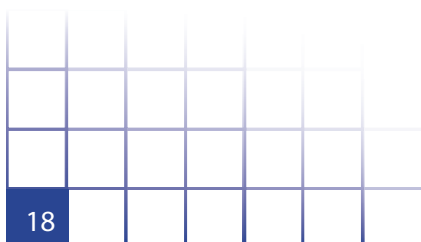
## ○ Phase 2 (1973 to 1985): Mixed Income Non-Profit and Co-operative Housing Programs, and the Expansion of the Social Housing Stock

The 1970s was a decade of high inflation, high land costs, high energy costs and high interest rates. Disillusionment with large-scale public housing developments of the 1960s led to new approaches in providing for those in need, including: smaller mixed income projects, rehabilitating existing public housing, renovations, and community involvement in the development process. New approaches were made possible through the following programs:

The Rent Supplement Program offered assistance to low-income tenants of selected private and non-profit rental buildings, reducing monthly rental charges based on a rent-geared-to-income approach.

The Non-Profit Housing Program and Co-operative Housing Program changed the way that assisted housing was provided and allowed the federal government to directly fund new social housing at a more local level, encouraging the development of a third sector in the social housing/affordable housing sector. Start-up subsidies took many forms (e.g. direct CMHC loans and capital contributions) and projects also had access to long-term subsidies from the federal and provincial governments with amendments to program in 1978 (Carter, 1997 and CMHC, 2006 and 2011). Innovative financing features encouraged income mixing in non-profit and co-op developments through a subsidy surcharge to those making more money to balance out lower income households (Carter,1997).

In 1978, CMHC made amendments to the Non-Profit Program, creating what many refer to as the 'new Non-Profit Program.' In order to reduce some of the costs contributing to the federal deficit, new program shifted



## 1973

**1973 Amendments to the NHA:** the federal government provided funding to municipalities for 'neighborhood improvement'

- **The Rent Supplement Program** reduced monthly rental charges based on the common RGI approach by providing assistance to low-income tenants.
- **The Non-Profit Housing Program** allowed the federal government to directly funding the construction or purchase of new social housing projects by non-profit societies or non-profit housing corporations established by municipalities. This included:
  - Direct CMHC loans for up to 100% of the agreed cost at preferred rates for up to 50 years
  - Capital contributions
- **The Co-operative Housing Program** marked official government involvement in financing co-operative housing. This included:
  - 100% financing by CMHC
  - Up to 10% capital contributions by CMHC
- The first Co-operative Housing program led to the creation of 7,700 units between 1973 and 1979.

**1974** The **Rural and Native Housing Program** was aimed at helping both native and non-native low-income households in towns of fewer than 2,500 people. This included options for homeownership, rental and lease to purchase programs. Payments were based on income, with the federal government paying the difference.

**1974 – 1975** The Multiple Unit Residential Building (MURB) tax incentive, Registered Home Ownership Savings Plan (RHOSP), Assisted Home Ownership Program (AHOP), and Assisted Rental Program (ARP) were introduced.

financing away from CMHC providing mortgage loans, to having third sector housing providers borrowing from the private sector, with insurance to be provided through CMHC's MIF. Amendments were also aimed at reducing the exposure of the federal government to open-ended subsidies; new subsidies were set using the difference between market rate and low-end rates at 2%. Additionally, this program was unilaterally federal, even though previous public housing programs were cost-shared with the Provinces. This allowed the federal government to take more direct credit for social housing (Wolfe, 1998; Carter, 1997).

While these changes were meant to reduce the heavy funding burden on the federal government, in hindsight, the use of direct private capital was not cost effective and the costs for social housing projects developed under this 'new' program increased drastically.

As the federal government searched for ways to increase the social housing stock and at the same time decrease funding burdens, investments into the 'primary' housing sector through short-term private sector subsidy programs took precedent. The following programs targeted the 'primary' housing sector: the Multiple Unit Residential Building (MURB) tax incentive, the Registered Home Ownership Savings Plan (RHOP), the Assisted Home Ownership Program (AHOP), and the Assisted Rental Program (ARP). And while the AHOP and ARP initiatives created a large number of lower cost units, housing-related tax expenditures aimed at the 'primary' housing sector in 1979 were about \$5 billion, three times as much as CMHC's direct subsidy programs (Hulchanski, 2006; Carter, 1997).

By the start of the 1980s, however, mortgage rates hit 20 percent and housing starts dropped to their lowest level in 20 years in 1982.

## 1978

### 1978 Amendments to the NHA

The *Loan and contribution public housing programs* discontinued

The *Federal-P/T joint Public Housing Program* restricted

The revised or '*new*' *Non-Profit Housing Program* was updated to include housing for urban aboriginals, leading to 400 units aimed at this demographic. The program was expanded on-reserve for the first time as well.

The *Co-operative Housing, Non-Profit and Public Housing Programs* were amended, the lending terms standardized between the three, which allowed mortgage financing to be provided by private sector financial institutions at existing market rates, including amortization periods up to 35 years. Ongoing subsidies continued to be supplied to these projects during the same time frame to bridge the difference between total costs and lower rental revenues.

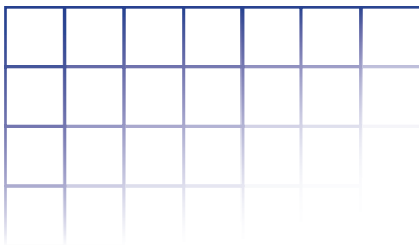
**Housing starts in the 1970s totaled over 2.4 million units bringing the stock to 8.76 million units by 1981.**

**1981 – 1982** The *Canada Home Ownership Stimulus Program* and the *Canada Mortgage Renewal Plan* provided short-term subsidies for owners, and the Canada Rental Supply Program provided short-term subsidies for the higher end of the private rental sector.

*Temporary increase in social housing units: 2,500 – 1982, and 2,500 – 1983.*

**1982** The *Urban Native Non-Profit Housing Program* was created in response to increasing need for housing for Aboriginal families in cities, which included rent subsidies (RGI) in a mixed-income project. This program was soon amended, as most urban Aboriginal families could not afford rents for the non-subsidized units.



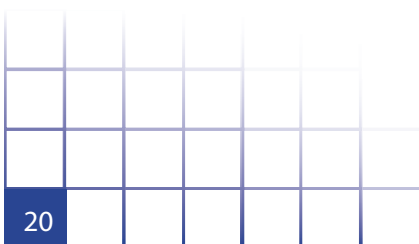


### O Phase 3 (1986 and on): Targeting Assistance Based on Need and the Withdrawal of the Federal Government

“The first big turning point in social housing policy came in the mid-1980s” (Wolfe, 1998, p.124) with an increasing deficit, a push to balance the budget, and new conservative leadership in 1984. The patterns of reducing government spending in housing policy that were already emerging in the 1970s were solidified. A federal review of the co-op housing and social housing system concluded that while socially beneficial, the programs were too expensive; subsidies were escalating rapidly and much of the money was not going to those most in need.

In 1985/ 1986 programs were changed once again. The Non-Profit Program was changed fundamentally as the federal government transferred the delivery and administration of new social housing to the provinces, reverting back to cost sharing as well, and a new definition of core housing need limited funding to those most in need. As Wolfe put it: “Devolution had begun,” (1998, p.124). Projects committed after 1985 were provided with a full operating subsidy by government assistance to cover the difference between operating costs and income from rent. However, the cost of subsidies to the federal government continued to rise because the costs to operate social housing projects rose faster than rents.

In response to increasing mortgage rates in the 1980s, the federal government made moves to remodel the housing capital market, introducing Mortgage Backed Securities (MBS) to make sure that the private market could continue to provide funds at the low cost. When interest rates decreased to record lows in the 90s, new housing stock increased dramatically. The minimum down payment on homeownership loans were reduced to five percent for first time homebuyers in 1992, and in the same year the Home Buyers’ Plan allowed for house buyers to use tax-sheltered retirement savings as part of their down



## 1986

### 1986 The *Urban Social Housing Strategy*

- Incorporated what is renamed the *Urban Native Housing Program*. At this point, Provincial governments that could afford to cost-share this program were also responsible for the administration and delivery of this program.
- Transferred the delivery of federal housing programs to the provinces and territories (previously only the administration of these programs were provincial responsibility). New operating agreements were forged, and the provinces were still responsible for 25% of housing cost.
- Developed the concept of *Core Housing Need* (see p. 11) through federal/provincial/territory agreements. This definition was used to estimate need and define program resource allocations based on this need.

**1986** The *Federal Co-operative Housing Program (FCHP)* also known as the *Index-Linked Mortgage Program (ILM)*, was a third version of the co-operative housing program, amended to provide insured financing to non-profit housing co-ops, funded with mortgages based on a floating rate tied to the Consumer Price Index (Index-Linked). Subsidies still covered the difference between costs and income from RGI rents. Additionally, a Co-operative Housing Stabilization Fund was also created at this time for temporary or unforeseen additional expenses.

The *Non-Profit Housing Program* was amended to include a full operating subsidy, aimed at filling the difference between operating/financing costs and RGI rental revenues (up to 35 years). At this time the program’s mandate shifted to serve those in “core housing need,” as well as to provide housing services for residents with special needs.

**Number of housing starts in the 1980s: only 1.25 million, still pushed the Canadian housing stock to ten million units in 1991.**

**1991** The *Affordable Housing Centre* (originally the Canadian Centre for Public-Private Partnerships in Housing) was created in order to offer a wide range of products, services and programs aimed at aiding groups (both non-profit and private sector organizations) to develop affordable housing without the ongoing subsidies that established the majority of social housing in Canada.

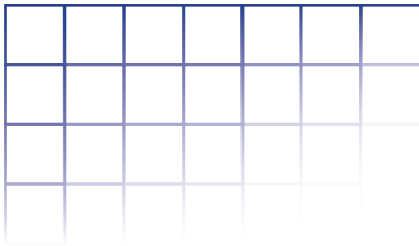

1992

**1993 New program delivery by the Federal government is terminated**

**1998** The *First Home Loan Insurance Program* becomes permanent and is no longer limited to first-time homebuyers. This policy allows first time homebuyers to borrow from their Registered Retirement Savings Plan (RRSP) in order to buy or build a house.

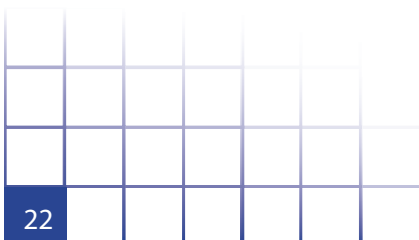
**2000 The *National Homelessness Initiative (NHI)*** was created in the spirit of federal devolution of housing responsibility. This program, run by the Human Resources and Skills Development Canada was aimed at increasing knowledge on homelessness and building local capacity to address, invest in and serve the homeless in their communities. Total: \$753 million over three years. The program was continually renewed until 2007.

It is only in Canada that the national government has withdrawn from the social housing sector (except for CMHC loans). At the beginning of the century, even CMHC acknowledges that “homelessness, affordability, and the need for more sustainable communities” need to be the drivers of policy. In 2001, the federal government introduced the Affordable Housing Initiative (AHI) to create new affordable housing units with capital contributions (over ongoing subsidies). Bilateral agreements require that rental units produced have rents at prices at or below median market rent, and the provinces design and deliver the programs. Households must qualify for social housing waiting lists, and units must remain affordable for 10 years (CMHC, 2006 and 2011). However, the



majority of the funds spent on affordable housing have gone to sustaining existing units (Laird, 2007).

In 2003, the new Affordable Housing Initiative provided \$1 billion for 25,000 units, and in 2006, the Affordable Housing Trust set aside 1.4 billion in funding for affordable housing to be distributed as trusts to provinces. However, these initiatives are “one-time” funding, which needs to be actively renewed, and according to Hulchanski, “the budget compromise reached between the minority Liberal government and the New Democratic Party in 2005, even if fully spent as planned, will not make much of a dent in the social need for housing, nor will it do much to decrease homelessness,” (2006, p. 244).



## 2001

**2001** The *Affordable Housing Initiative* offered up-front capital contributions to stimulate new affordable housing development rather than on-going subsidies. Total multi-year funding: 680 million dollars. “Affordable” in this agreement meant rents at or below median market rental rates, remaining ‘affordable’ for at least 10 years. Additionally, provinces were required to match federal funds (which could be acquired from 3<sup>rd</sup> party contributions including municipalities, the private sector, or non-profit developers).

**2003** The *Affordable Housing Initiative* provided additional multi-year funding for housing: a total of \$320 million dollars.

**Seed Funding Program is created as part of an expanded partnership initiative by the federal government as a way to facilitate the production of affordable housing.**

**2006** The *Federal Budget* provided one-time funding for:

- The *Affordable Housing Trust*, developed to address immediate housing supply pressures over three years (until 2009). Total: \$800 million.
- The *Northern Housing Trust*, similar to the Affordable Housing Trust, the Northern Housing Trust was specifically aimed at housing in the North. Total: \$300 million
- The *Off-Reserve Aboriginal Housing Trust* similar to the other trusts, the Off-Reserve Aboriginal Housing Trust was developed with the specific aim of providing housing for Aboriginal peoples living off reserve. Total: \$300 million.

**2007** The *Homeless Partnering Strategy* was created to build off of NHI successes, building in a new ‘housing first’ approach, focusing on transitioning homeless individuals into stability by shelters and services, transitional housing, or permanent housing depending on individual needs. Similar to NHI, HPS works to address homelessness in a collaborative or partnership fashion by working across federal departments, with Provinces, regional or local governments, and private sector or non-profits groups.



### Current State of Housing Policy in Canada:

In, his analysis of Canada's 'dual housing system,' Hulchanski concluded that "while support for the primary part of Canada's housing system will continue, there is likely to be very little federal activity in the secondary part of the housing system... there seems to be no economic or significant political pressure to address problems in the secondary part of the housing system," (p. 244-245). In 2008, the United States of America fell into a recession when the housing bubble burst and the subprime mortgage market collapsed; the entire world has felt the effects of the ensuing recession.

While the effects of this recession were not as extreme in Canada as elsewhere in the world, "the Canadian economy was not spared: It still faces major difficulties, and significant risks remain on the road ahead," (Bank of Canada, 2011). This recession was the right kind of economic pressure to push the government to address housing issues in the secondary part of the housing system. In 2009, housing stimulus measures were included in Canada's Economic Plan, included funding for new housing projects targeted at low-income seniors and persons with disabilities.

Additionally, a new Investment in Affordable Housing Framework (2011 – 2014) has been developed, putting 1.4 billion of combined federal and provincial investment toward reducing housing need in Canada (see program description on the following page for more information). As the provinces must cost-match, the use of funds, including the federal portion, is considerably more flexible than previous federal funding initiatives. The choice also exists to renew programs or create new programs for anything from construction, to homeownership assistance, to rent supplements. However, jurisdictional relations have delayed spending this money as discussions on new agreements were still being finalized in 2011 (CMHC, 2011).

The biggest question now revolves around the temporary nature of these initiatives and whether or not they will be renewed, or if the Canadian social security welfare state will again trump the social assistance welfare state for the next thirty years.

## 2008

**2008/2009** Affordable housing investments totaling 1.9 billion included:

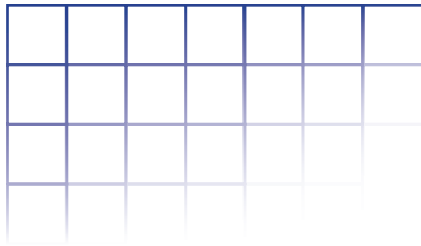
- **The Affordable Housing Initiative** which was renewed for two years with Provincial agreements
- **Renovation Programs** which were also renewed for two year until March 31, 2011

Human Resources and Skills Development Canada (HRSDC) also received some of this funding to continue to administer programs aiming to understand and better address those at risk of homelessness or homeless. These programs included:

- **The National Homelessness Initiative (NHI)** was once again renewed to continue research and investment in local capacity to aid and find solutions for the homeless in their area. This included new programming, existing program updates and enhancements, and funding to CMHC renovation programs.
- **The Homeless Partnering Strategy (HPS)** renewed until March 31, 2014

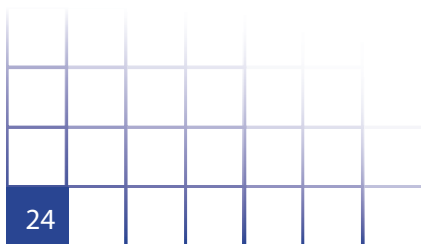
**2009** Housing stimulus measures, part of **Canada's Economic Plan (CEAP)** respond to the global recession, targeting investment in new construction, renovations, and other housing-related infrastructure. Investments include:

- Renovations/energy retrofits to social housing. The majority was administered and delivered by the provinces for existing joint housing projects. The rest was dispersed and administered by CMHC to different projects across Canada.  
Total: \$1 billion
- New housing for low-income seniors (administered by the provinces).  
Total: \$400 million



### Current Federal Initiatives in the Housing System include:

- As of 2010, a total number of 613,500 social housing units are still receiving on-going federal subsidies.
- Investment in Affordable Housing 2011-2014 Framework
- HRSDC programs: National Homelessness Initiative and Homeless Partnering Strategy
- On-Reserve Non-Profit Rental Program provides direct loans for any First Nations to build, acquire or rehabilitate social housing projects. Assistance includes:  
100% of eligible costs covered by CMHC loans
- CMHC's Affordable Housing Centre helps guide groups and individuals to resources: financial, technical, operational and social, needed to develop affordable housing. Financial assistance is also available through Seed Funding and Proposal Development Funding.



### 2001

- New housing for persons with disabilities (administered by the provinces) Total: \$75 million
- Renovation and construction of new housing units in the North. Total: \$200 million
- Renovations and construction of new housing on-reserve. Total: \$400 million
- Low-cost loans to local governments across Canada to support housing-related infrastructure projects. Total: Up to \$2 billion

### Investment in Affordable Housing 2011-2014 Framework

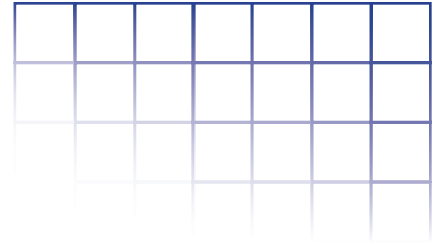
Under the new Investment in Affordable Housing 2011-2014 Framework, provinces and territories have responsibility for the design and delivery of affordable housing programs to address specific housing needs and priorities in their jurisdictions. Provinces and territories can now invest in a range of programs and initiatives to support:

- the construction of new affordable housing
- the renovation of existing housing
- assistance towards homeownership
- the provision of shelter allowances or rent supplements
- accommodations for victims of family violence

Federal investments will be matched by provinces, territories and other contributors. Governments will report to their citizens on progress toward reducing the number of households in housing need.

-CMHC Annual Report, 2011

*Timeline Sources: CMHC, 2011, CMHC, 2006, Hulchanski, 2004, Wolfe, 1998, and Carter, 1997.*



The following chart from CMHC's 2011 annual report shows federal spending on affordable housing in 2010 and 2011. CMHC provided the following evaluation of its housing programs:

"In 2011, total Housing Programs expenses were approximately 10% below plan due to faster than expected spending in earlier years under the Affordable Housing Initiative and Canada's Economic Action Plan (CEAP). For the Investment in Affordable Housing (IAH) 2011-2014, spending was delayed as discussions on new agreements were finalized." (CMHC, 2011).

**Table 1: Federal Spending on Affordable Housing 2010 – 2011**

## STRATEGIC PRIORITY 1.1 HELP CANADIANS IN NEED ACCESS AFFORDABLE, SOUND AND SUITABLE HOUSING

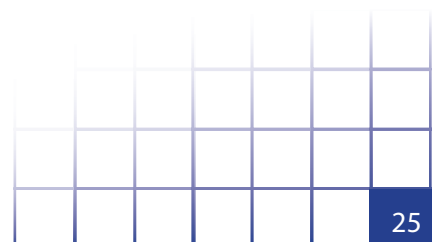
**RESOURCES • Operating expenses: \$61 million • Staff-Years: 410**

Performance Measures	2010 Actual	2011		2012 Plan
		Plan	Actual	
Housing Programs expenses excluding operating expenses (\$M)	3,040	2,286 <sup>1</sup>	2,044	2,023
Estimated number of households assisted through long-term social housing commitments	613,500	603,600	604,200	597,800
Affordable Housing Initiative (AHI) expenditures (\$M)	175.3	49.5	41.6 <sup>2</sup>	8.3
Renovation programs expenditures (value of loans forgiven over time) (\$M)	121.7	56.6	57.7	4.1
Investment in Affordable Housing (IAH) 2011-2014 (\$M)	N/A	11.4	27.8	399.1
Affordable housing units facilitated by CMHC's Affordable Housing Centre	2,873	2,140	2,838	2,715
Direct Lending (\$M)	1,316.7	1,373.3	1,392.1	829.6

<sup>1</sup> Includes the Investment in Affordable Housing funding which was authorized after the approval of the 2011-2015 Corporate Plan

<sup>2</sup> While actual AHI expenditures in 2011 were below plan, all funding under the two-year extension of the AHI (2009-10 to 2010-11) has been committed.

Source: CMHC 2011 Annual Report, p. 49




## 2 Case Study Context

Now that the Canadian housing system has been reviewed, the context for the Seed Funding program evaluation must be established. Part a of this chapter reviews the provincial context, which includes a brief timeline of provincial social housing policy, an account of the current housing system and affordable housing development in British Columbia, and a profile of non-profit housing developers in BC. Additionally, part b presents a full background on the CMHC Seed Funding for Development program.

### a. British Columbia

#### I. Timeline of Social Housing Policy in BC

While the story of social housing policy at the federal level is one of devolving responsibility and withdrawing financial support, at the provincial level the Province of British Columbia stepped up to take on more responsibility for social housing. The following timeline traces some of the more recent influential policies and programs at the provincial level, and includes the critiques or shortcomings of these policies at addressing the continuum of housing need.

**1967** The British Columbia Housing Management Commission (later renamed *BC Housing*) was created to manage provincially subsidized housing.

**1980s** With federal support for new social housing devolving to the provinces, the province of British Columbia chose to take an active role in administering existing housing programs and developing new ones.

**1994** The *Homes BC* programs provided fully financed

mortgages, fill operating subsidies, and construction financing.

The *mixed-income program* required at least 60% of a developments units be geared to low-income tenants. Additionally, Homes BC introduced a ‘repayable assistance’ policy, where operating subsidies would be repaid it market rents in these developments exceeded operating costs. A critique of the ‘repayable assistance’ policy is that the subsidy becomes an expense as once the repayable assistance is due, it begins accrue interest.

The *Homeless/At Risk program* encouraged partnerships between non-profit housing providers and other agencies, by offering operating subsidies to non-profits collaborating with local agencies to provide supportive housing.

**2001** The Homes BC programs was renamed the *Provincial Housing Program*.

The *income mixing program* was discontinued.

**2002** The *Independent Living BC (ILBC)* support program was created for adults with disabilities and low-income seniors in the form of public-private partnerships between BC Housing, regional health authorities, and community groups or private sector providers of support services for these groups. Part of the funding for this program came from the federal government’s 2001 Affordable Housing Program.

**2004** The *Provincial Homelessness Initiative* was developed using funding from the federal government’s Affordable Housing Program. Similar to ILBC, the focus if this initiative was developing housing with support services through partnerships between housing providers and health service providers.

The *Homelessness/At-Risk Program* was revived and provided gap funding for projects aimed at those in core housing need.

**2006** The *BC-Canada Social Housing Agreement* transferred the administration of all federally managed social housing units in BC to the provincial government, with CMHC providing annual funding for the next 30 years for existing social housing only.

The Provincial Housing Strategy, *Housing Matters BC* was developed, targeting those with complex or special health and housing needs, and shifted the provincial focus away from funding housing for those in need of housing without supports.

26						

## II. Profile of the Current Housing System in British Columbia

### *Core Housing Need:*

- Over 1/3 (37.7%) of renters are in core housing need (CMHC, 2009).
- Almost 1/5 (19.2%) of homeowners are in core housing need (CMHC, 2009).

### *Income:*

- The median income is \$42,230 (StatsCan, 2006).
- The median after-tax income of families is \$57,599 (StatsCan, 2006).
- Thirteen percent of the BC population “low-income” (sharpest decline in all of Canada) (StatsCan, 2006).

### *Housing Market:*

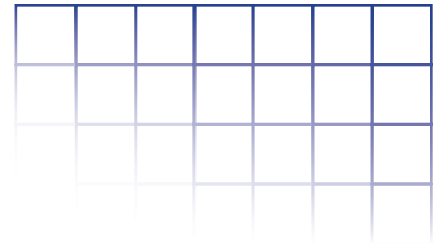
- Vancouver continues to have the highest average monthly rents at \$1,210, and Victoria is not far behind at 5<sup>th</sup> with average monthly rents at \$1,046. Hofer and Gurstein cite Core Need Income Thresholds in 2006 for Vancouver estimate that those making less than a median income of \$29,000 as unable to access market rental units (2009).
- Average vacancy rate was at 3.4% in BC (April 2012), but varied over apartment type and locale. Vacancy rates increased in Victoria (3.4%), and decreased slightly in Vancouver (2.8%). In the past four years vacancy rates have been as low as 0.3% in April 2008 in Victoria, and 0.9% in April of 2008 in Vancouver (CMHC, 2012, and Hofer and Gurstein, 2009).
- The average annual price for a house in 2012 is forecast to be \$522,200 while 2013 will see a slight increase to \$535,700 as resale activity picks up (CMHC, 2012).
- Three quarters of households in BC are homeowners (Hofer and Gurstein, 2009).

### *Supply:*

In urban areas, much of the housing affordability problem has to do with supply-side of development, for example “in Metro Vancouver, the inability to increase developable land limits housing development and increases land costs. For the last few years, property value gained around 10% per year, and income gained around 3% per year,” (Hofer and Gurstein, 2009, p. 3).

### *Affordability:*

According to Hofer and Gurstein of the University of BC,



in BC “the crisis of affordability goes beyond people in extreme poverty. The affordability problem has become acute for those of moderate to middle income including middle-income families, young adults in entry-level jobs and seniors,” Hofer and Gurstein, 2009, p. 4). This underlines the growing challenge of providing housing for those in need in BC.

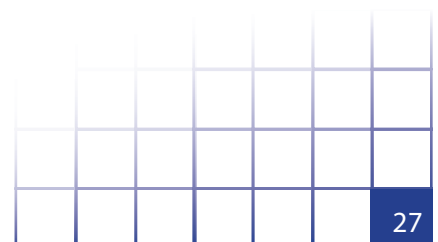
## III. Affordable Housing Development in British Columbia

With almost 38% of renters and close to 20% of homeowners are in core housing need, there is clearly a need to develop a more affordable housing stock in British Columbia. Even though the province funds a decent amount of social housing, especially compared to other provinces in Canada, many argue more is needed (Hofer and Gurstein, 2009).

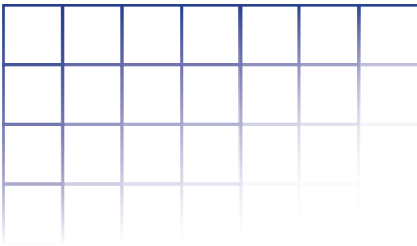
### *Affordable Housing Funding Sources and Programs in British Columbia*

In order to provide affordable housing, most non-profit developers require funding, financing, and/or government subsidies. Once an affordable housing developer has identified the need for a development, the first step is usually develop a feasibility analysis for the proposed development, including, but not limited to, a housing need and demand analysis, a business case and identification of funding sources. While some non-profit developers (usually larger organizations) have the capacity to develop a feasibility analysis using assets or dollars secured from a development partner, many medium to small size organizations need extra support to get a project off the ground. This help is available in the form of CMHC’s Seed Funding for Development Program.

While Seed Funding does not guarantee a project’s success, or ability to obtain funding or long-term financing,







the components developed using Seed Funding are key pieces that can be used to secure additional funding or financing for a particular project. For example, when non-profits approach BC Housing about a project, but do not know how to start, or have not developed a business case for the development, the non-profits are encouraged to apply for Seed Funding money in order to properly prepare a development proposal and feasibility assessment (personal communication, Septemeber 2012).

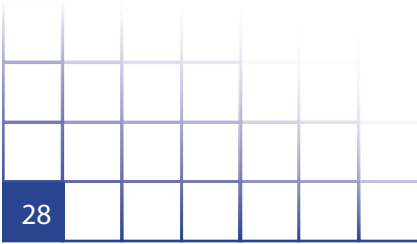
In BC, types of government subsidies include everything from operating agreements, one-time funding, and reasonable financing opportunities. A non-profit affordable housing developer in BC can apply for the following paths of government subsidies:

■ **Canada Mortgage and Housing Corporation (CMHC)**

- **Proposal Development Funding (PDF):** PDF loans help with the up-front expenses incurred during the process of developing an affordable housing project proposal and enable housing proponents to carry out the activities required to bring their proposal to the point where they can apply for mortgage financing. Up to \$100,000 is available to develop an affordable housing project proposal (CMHC, 2012). The elements developed using Seed Funds, including the housing need and demand study and the business plan, are used to exhibit a project’s viability and secure PDF. Completing Seed Funding activities does not guarantee CMHC will automatically grant a project proposal development funding.

■ **Human Resource and Service Development Canada (HRSDC)**

- **Homeless Partnership Strategy (HPS) Funding:**  
The first three funding streams are delivered



regionally. These streams focus on the needs of homeless and at-risk individuals at the local level, and provide funding to help individuals gain and maintain a stable living arrangement:

- **Designated Communities**
- **Rural and Remote Homelessness**
- **Aboriginal Homelessness**

The four remaining funding streams are delivered nationally:

- **Federal Horizontal Pilot Projects**
- **Homelessness Knowledge Development**
- **National Homelessness Information System**
- **Surplus Federal Real Property for Homelessness Initiative**

These HRSDC funding streams fund a variety of different types of homeless prevention and reduction methods. The regional streams have the most direct impact on affordable housing provision. For example, the **Designated Communities** funding stream is aimed at a total of 61 communities across Canada that have been identified as having a significant problem with homelessness. These communities—mostly urban centres—are given funding that must be matched with contributions from other sources. Funded projects must support priorities identified through a community planning process. Proposals for funding are accepted from eligible recipients in these communities. A community advisory board (CAB) reviews project proposals from organizations to ensure that they meet the terms and conditions of the HPS and that they respond to community plan priorities. The CAB also makes recommendations for funding (HRSDC, 2011).

In British Columbia the following are Designated Communities:

- **Metro Vancouver**
- **Nanaimo**
- **Kelowna**
- **Kamloops**
- **Victoria**
- **Nelson**
- **Prince George**

An example of Designated Communities Funding in **Vancouver**: The Greater Vancouver Regional Steering Committee on Homelessness (RSCH) acts as the regional Community Advisory Board for the Metro Vancouver Designated Community. Funding for the Metro Vancouver

designated region is approximately \$8.2 million per year, for a three-year total of approximately \$24.6 million. In February 2011, the RSCH, recommended the extension of several existing programs for a total of \$5.1 million, and in April 2012, approximately \$11 million was distributed to 42 new and existing support service providers.

The remaining regional HPS funding allocation (approximately \$6 million) is currently available through a Call for Proposals (Capital Projects). It is expected that these funds will be distributed over two years. Priorities identified by the RSCH include the development of new and existing transitional and supportive housing facilities, emergency shelter facilities, including drop-in spaces for homeless or at-risk of homelessness individuals and families throughout the Metro Vancouver region (Metro Vancouver, 2011).

Eligible CMHC Seed Funding activities can help a non-profit housing developer secure additional funding such as the HPS funding. An example of this comes from the Society of Saint Vincent de Paul of Vancouver Island and the M'akola Group of Societies who are working in partnership to create low-income housing in Sooke, BC. Using a business plan developed using CMHC Seed Funds, these two societies were able to successfully apply for HPS Designated Communities and Aboriginal Homelessness funding for a total of 1.6 million dollars, which will be closely matched with a 1 million contribution from BC Housing (Personal Communication, July 2012).

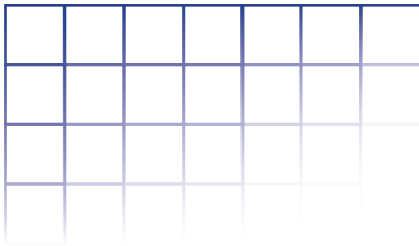
■ **BC Housing (2012)**

BC Housing has a variety of programs aimed at maintaining existing social housing units, providing affordable rental housing to those in need, creating new supportive or long-term housing units, as well as financing housing solutions.

- **The Community Partnerships Initiative (CPI):** The only rolling application funding opportunity currently available at BC Housing, the CPI was created to fund non-profit housing development. Contribution agreements instead of operating agreements can be a one-time grant or capital funding, mortgage financing with reasonable interest rates, and /or rent supplements. This program requires additional funding be secured either from the non-profit society, other government sources (local or regional), the private sector, foundations, or community groups. This program is available to non-profits looking to develop self-sustaining affordable rental units aimed at low to moderate income tenants (Mousseau, 2009; BC Housing, 2010).

- **Proposal Development Funding:** Similar to CMHC, BC Housing also offers proposal development funding to help with the up-front expenses for non-profits looking for funding under the CPI. The CMHC Seed Funding components such as the housing need and demand, and the business plan can also be submitted to BC Housing to prove a project's viability and secure PDF from BC Housing. This is also an opportunity for the project to be assigned a project officer at BC Housing, who will then also have an opportunity to become familiar with that particular development. As BC Housing's requirements for certain elements such as the housing need and demand study differ from CMHC's requirements, the local corporate representatives from CMHC direct non-profits interested in BC Housing subsidies to the BC Housing requirements. This is the product of informal communication between CMHC's local corporate representatives and BC Housing, which will be discussed further in Chapter 4: Evaluation of the CMHC Seed Funding for Development Program.
- **Provisional Project Approval (PPA):** Whether or not a project requests PDF, BC Housing requires the business plan and financing requirements to be reviewed before provisionally approving a project under the CPI. If a project is found to be feasible, BC Housing issues the PPA, outlining the specific terms and conditions that the non-profit must meet in order to obtain financing for the project.
- **Final Project Commitment (FPC):** If the PPA requirements are met, the non-profit can request the final project commitment from BC Housing. It is at this time that BC Housing will disburse funds.


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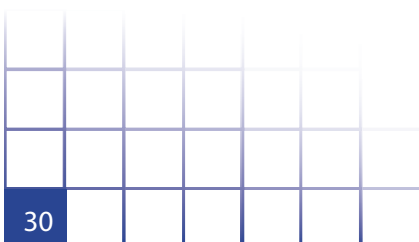
The full Community Partnership Initiatives application process and steps can be found on BC Housing's website: <http://www.bchousing.org/Partners/Opportunities/Current/CPI>.

Targeted programs (from the Province, or Federal housing agreements) are advertised through a Call for Proposals (CFP or RFP), current CFPs can be found on BC Housing's website: <http://www.bchousing.org/Partners/Calls>

Other funding programs include (as listed on the BC Housing website):

- **Rental Assistance Program** - Providing low-income, working families with cash assistance to help with their monthly rent payments in the private market.
- **Shelter Aid For Elderly Renters** - Providing low-income seniors with cash assistances to help with their monthly rent payments in the private market.
- **Subsidized Housing** - Providing long-term housing with rent geared to income for those in need.
- **Olympic Legacy Housing** - Converting temporary modular housing from the Vancouver 2010 Olympic and Paralympic Village in Whistler into permanent, affordable apartments in six communities.
- **Aboriginal Housing Initiative** - Developing new affordable housing options for Aboriginal people living off-reserve.
- **Independent Living BC** - Developing subsidized assisted living for seniors and individuals with disabilities.
- **Local government partnerships** - Partnering with several BC municipalities to develop supportive housing units to help individuals break the cycle of homelessness.

(BC Housing, 2010)



- **Columbia Basin Trust (CBT):** Administered through BCNPHA, the CBT provides funding for qualified projects proposed by affordable housing developers in the Columbia River Basin area.
- **Traditional market mortgage sources,** including banks, trust and mortgage loan companies, credit unions, life insurance companies and pension funds are also available to finance non-profit housing projects. Benevolent foundations or community groups, and other private sector companies may also contribute funding for an affordable housing project. All of these sources would be interested in seeing the business case of a development before providing any funding or financing.

#### IV. The Non-Profit Housing Sector in British Columbia

In BC, non-profit housing societies manage almost 50,000 units of affordable, non-market and social housing units for those in need (Wenmann, 2009). BCNPHA estimates there are 726 non-profit housing societies in total in BC, including co-operative housing organizations and community-based groups representing charitable, religious and special interest organizations (personal communication, August 2012). Around 90% of these units are financed through current agreements with BC Housing (see Wennman, 2009 for a discussion of the specific characteristics of BC Housing – nonprofit housing agreements). BC Housing directly manages around 7,500 – 8,000 units in addition to funding third sector social housing. (Wenmann, 2009). A total of 35,000 non-profit social housing units in BC are in the co-operative housing sector, emergency housing or transition houses, or are market housing units paid for using rent supplements from non-profits (Wenmann, 2009).

As of 2006, the non-profit housing society breakdown looked something like this:

- one-half managed seniors only
- seventy six managed family development only
- thirty percent housed special needs only
- twenty one had a mix of client groups
- two-thirds of all societies managed a single building
- eight percent managed six or more buildings

It is clear that groups with special needs make up the majority of the tenants currently being served by non-profit housing in BC. Additionally, this breakdown also clearly demonstrates that the majority of non-profit societies in BC manage only one building, meaning there is a large



spread of smaller organizations, which is confirmed and discussed in the following subsection.

Challenges

Not surprisingly, non-profits in BC face financial challenges and struggle with internal capacity. As a sector non-profit housing providers deal with the regular issues property managers must handle, as well as providing for clients with a range of special needs within a variety of government frameworks and operating agreements (Hofer and Gurstein, 2009; Marason Management Ltd, 2004). This means that they are especially susceptible to changes in the political and economic climate, “for instance, one society may manage several buildings within their portfolios, each of which has a different operating agreement with its own terms of reference, restrictions pertaining to income mix and unit pricing guidelines.” (Hofer and Gurstein, 2009).

A 2004 study by Marason Management Limited in Partnership with The BC Non-Profit Housing Association concluded that the foremost and growing concerns of non-profit housing providers revolve around the capacity to maintain current standards with uncertain future funding levels. A total of 38,262 units managed by non-profits have ongoing operating agreements (Mousseau, 2008). Decreases in subsidies and increases in overall operating costs both contribute to these concerns. By 2033, 99% of national operating agreements will expire (Connelly Consulting, 2003). This includes federally funding, cost-shared and provincially funded agreements, representing a total of 30 billion dollars of withdrawn federal funds. In BC, 80% of the non-profit operating agreements will expire in the next 24 years (2036), and the rest (primarily provincially funded) will expire by the year 2066. The following figure graphically displays the withdrawal of federal subsidies in BC.

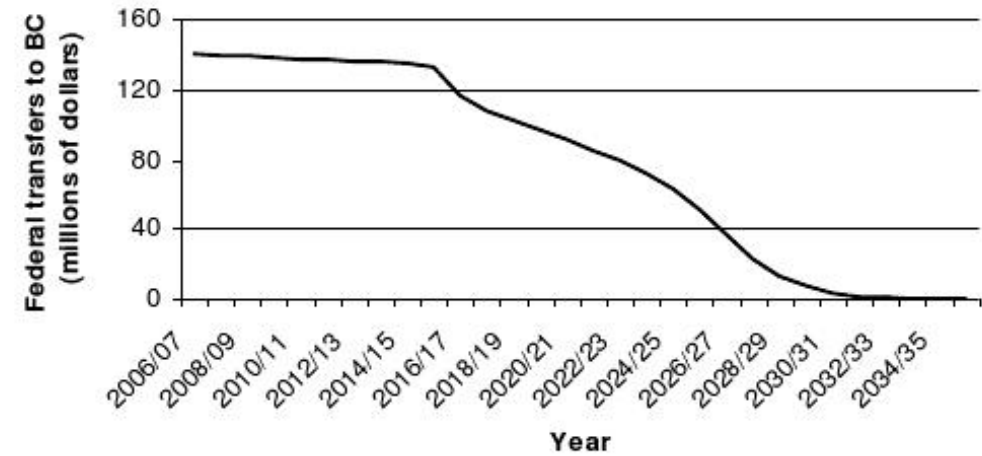
Other non-profit housing society concerns from the Marason Management Limited Study include:

- long-term sustainability in management practices
- underutilization of volunteers
- non-profit capacity and the need to share skilled staff and policies in order to build capacity

Regional Differences

Additionally, research into the BC Non-Profit sector has led many to note differences between interior BC and the rest of BC (the Lower Mainland and Vancouver Island). Marason Management Ltd. “learned that the societies in the more rural areas of the province face a distinct set of problems. Paramount among them, they lack access to resources, including skilled trades people and professionals, that are usually more plentiful in larger centers,” (2004, p. iv). And Wenmann concludes that “Urban buildings are more likely than rural buildings to be characterized as ‘positive’ using the financial strength index largely because fewer rural buildings (27%) have a capital plan compared with their urban counterparts (56%),” (2009, p. 5). See page 32 for a chart showing the regional distribution of societies, units and households in BC.

Figure 6: Withdrawal of On-going Federal Subsidies to BC Non-Profit Housing Stock



Source: Wenmann, 2009, p. 16

### BC Non-Profit Housing Association

The BC Non-Profit Housing Association (BCNPHA), set up in 1993 by BC Housing, was created to give a unified voice to the non-profit housing sector as a provincial umbrella organization (BC Housing, 2012). BCNPHA takes the lead in representing the interests of the non-profit housing societies to government and the public.

**Table 2: Distribution of Societies, Units and Households by Region**

	NP Societies	% of Total	NP Units	% of Total	BC Households	% of Total
Lower Mainland	237	47%	24,674	65%	964,190	57%
Vancouver Island	92	18%	6,034	16%	298,975	18%
Southern Interior	139	27%	5,617	15%	319,175	19%
Northern Interior	43	8%	1,586	4%	104,389	6%
Total	511	100%	37,911	100%	1,686,729	100%

Source: Marason Management Ltd, 2004, p. 9

Using this chart, Marason Management Ltd was able to draw the following conclusions about the physical distribution of non-profit housing societies and units in BC:

The distribution of social housing units across the province generally mirrors its household distribution

The Lower Mainland is somewhat overrepresented in its share of units while other regions are underrepresented

The Lower Mainland is underrepresented by non-profit societies compared to household share, while the Southern Interior is overrepresented.

In a 2008, Haley Mousseau demonstrated a similar regional spread of non-profit units by regional location with updated numbers, suggesting that some of the conclusions drawn in 2004 are still fairly relevant.

**Table 3: Distribution of Non-Profit Units by Region (2008)**

Region	# of Units	% of Total
Lower Mainland	25323	60.9%
Vancouver Island	7479	18%
Southern Interior	7365	17.7%
Northern Interior	1421	3.5%
Total	41588	100%

Source: Adapted from Mousseau, 2008, p. 8

The BCNPHA mission is to provide leadership, support, education, services and advocacy to the non-profit housing sector. As mentioned earlier in this report, BCNPHA members are primarily non-profit housing providers, however, other members include individuals and organizations that care about affordable housing (BCNPHA, 2012).

BCNPHA is composed of the following departments: Member Services, Research, Education, Consulting, and AHEAD (The Society for Affordable Housing Education, Awareness and Development – the charitable arm of the BC Non-Profit Housing Association) (BCNPHA, 2011).

BCNPHA works in partnership with many organizations. In 2010, it formed a partnership with the Columbia Basin

Trust (CBT), which was “created in 1995 to support efforts by the people of the Basin to create social, economic and environmental well-being in the Canadian portion of the Columbia River Basin - the region most affected by the Columbia River Treaty,” with the United States of America (CBT, 2012). One of the main goals of the CBT is to support the ability of Columbia Basin communities and organizations to effectively

address affordable housing issues by enabling access to qualified professional development consultants through BCNPHA Consulting. BCNPHA also now implements CBT’s innovative Affordable Housing Resource Program, which supplies funding for affordable housing development in the Columbia River Basin area (BCNPHA, 2010).

## b. CMHC Seed Funding for Housing Development Program

In the context of devolving federal government responsibility in the social housing sector, the growing income gap between the wealthiest Canadians and the middle and lower classes, and the increasing cost of housing in Canada, the provision of housing that is affordable to a range of Canadians is becoming increasingly important. The third sector (non-profits, community groups) is increasingly trying to answer the call for more affordable housing. One of the few on-going, federally funded programs aimed at helping affordable housing development across Canada is Canada Mortgage and Housing Corporation's Seed Funding for Housing Development Program.

### I. Profile of the program

In 2003, the Minister responsible for Canada Mortgage and Housing Corporation (CMHC) announced an innovative package of initiatives designed to assist in the development of affordable housing across Canada. This package included numerous tools for housing providers including "seed funding and interest free proposal development loans, increased availability of partnership consultation services, training and capacity development, as well as flexibilities in CMHC's rental and homeownership mortgage insurance products" (CMHC, 2003).

The Seed Funding program is available to any proponent group planning to create a specific housing project that is considered affordable. Proponent group/groups include:

- a private entrepreneur/builder/developer
- a private non-profit housing organization
- a non-profit co-operative
- a group of individuals who may or may not intend to become incorporated
- a faith-based organization
- a municipality
- a First Nation

The Seed Funding application process requires applicants to provide:

- A description of the proposed project
- An assessment of experience, including experience with developing housing, and the qualifications of key individuals who will be working on project (can include paid professionals) in the following areas:


- Housing development
  - Construction Management
  - Financing
  - Property Management
  - Experience with intended clientele
- Evidence of financial resources
  - Planned activities and requested funding amount
  - Community/local support for the project

Proponent applications accepted by CMHC are eligible to receive a maximum amount of \$20,000 per housing project, including a \$10,000 grant requiring no repayment and a \$10,000 interest-free loan, which is only repayable if the project proceeds.

These funds can be used for anything from new construction to residential conversion and residential renovation. In essence, this program is designed to include anything that can act to increase the amount of affordable units in the housing stock. To this end, the seed funding can be used for a variety of activities relating to the initial conceptualization of a housing project. The funds are available for:

The incorporation of a housing group

The creation of a need and demand study for the proposed project

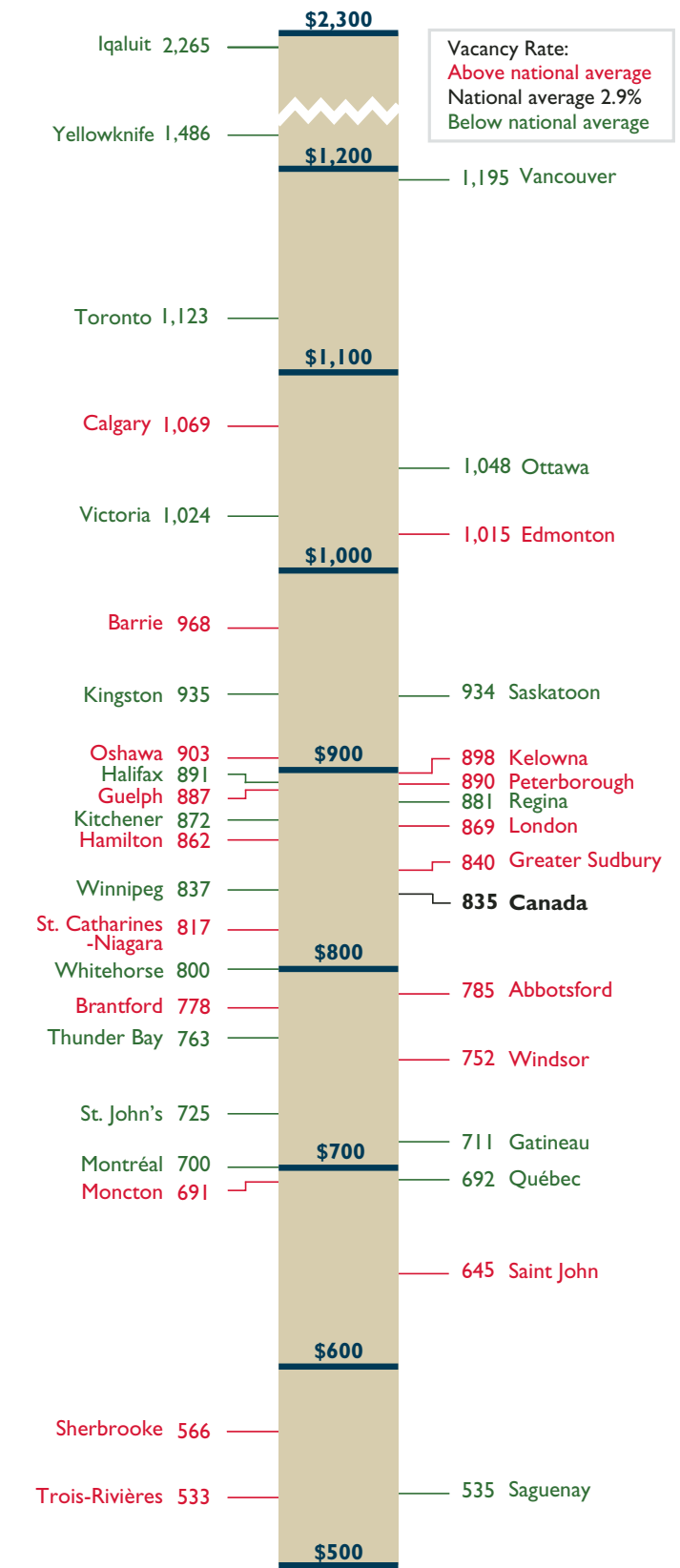
The financial feasibility analysis

The preliminary design, and

The preparation of a business plan

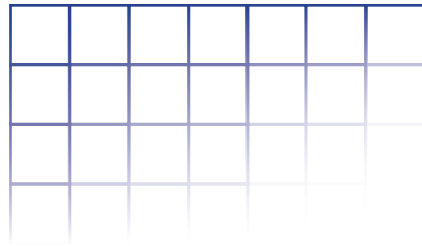
Together, all of these components form the foundation for any affordable housing project and provide suitable, viable and necessary projects with a clear path towards realization.


**Figure 7: Average Rents for a Two-Bedroom Apartment Across Canada**



<sup>1</sup> In privately initiated apartment structures with at least three units.

Source: CMHC, 2010, p. 13



### What Qualifies as 'Affordable'?

At this time, it is important to first define what is meant by the term "affordable" within the context of this program. CMHC's definition speaks to two critical components: design and character, and rental cost. The units are to be "modest in size, design, and amenities in relation to comparable units in the area" (CMHC, 2012). Beyond this initial design and character facet, CMHC states that the majority of the units need to be within rental Level 1 (80<sup>th</sup> percentile) and Level 2 (65<sup>th</sup> percentile) as derived from CMHC's rental market survey for the local context.

In order to better understand the application of these percentiles, current data and rates collected by CMHC from both Vancouver, BC and Victoria, BC will be used as examples. The April 2012 Rental Market Report places the average rents for a bachelor suite at \$854/month and \$669/month respectively. Using CMHC's Spring 2012 Advancing Affordable Housing Solutions Guide, the Level 1 affordability amount for Vancouver is \$990/month and Level 2 falls to \$915/month. For Victoria, Level 1 is \$741/month, with Level 2 dropping to \$705/month. In all of these instances, the percentile amount used to determine and guide the development of affordable housing projects is higher than the average rental amounts for a bachelor suite.

The cities of Victoria and Vancouver have with some of the highest rental prices in Canada (See Figure 10 to the right). Using the 80<sup>th</sup> and 65<sup>th</sup> percentile to assess affordability can be problematic because high rents can influence the average rent in an area, and the definition of affordability will then be higher, whether or not those in need can truly 'afford' it. Additionally, "income, cost and availability of credit, household demographics, employment and labour conditions and housing supply" all influence the affordability of housing in a particular locale, all of which is not considered by a percentile method of measuring affordability (Hofer and Gurstein, 2009, p. 2).

**Figure 8:** Number of Accepted Applications and Number of Successful Developments for CMCH Seed Funding 2007 – 2011

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does not necessarily correspond with the year the Seed Funding was granted. A perfect example of this is one of the non-profits interviewed for this project, the Society of Saint Vincent de Paul of Vancouver Island, who applied for Seed Funding money and was granted funding in 2007 for an affordable housing project for women and children in Saanich, BC. To date, the project is shovel-ready thanks to CMHC Seed Funding and the accompanying interest-free CMHC Proposal Develop Loan (also part of the package of affordable housing partnership initiatives available through the Affordable Housing Centre of CMHC), but Saint Vincent de Paul still waiting for financing through BC Housing. Once financing is approved, this project will be added to CMHC’s list of successful projects (Personal Communication, June 20, 2012).

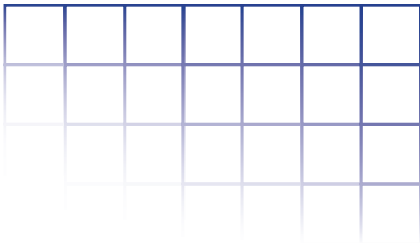
When CMHC was contacted for data, program files, and interviews, they were asked if there was an internal review process. The Affordable Housing Centre Manager indicated that there has never been an evaluation of the Affordable Housing Centre (including the Seed Funding program), which was established in 2000. An evaluation of the Affordable Housing Centre was approved by CMHC in 2010, and “will be carried out in the near future”(Personal Communication, June 30, 2012). This demonstrates a clear need for a program evaluation, which has been in operation for almost ten years without being evaluated. Perhaps this evaluation can contribute to the eventual internal program evaluation.

Now that the broader Canadian Housing System, the specific context of British Columbia and the CMHC Seed Funding program has been reviewed in Part One, Part Two will establish a program evaluation methodology and analyze the results of Seed Funding Evaluation using survey and interview results. Additionally, the report will conclude with several recommendations and a discussion of the limitations of this report.

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# Part Two: Case Study – CMHC Seed Funding for Development Program Evaluation



## 3 Methodology – Program Evaluation Design

The evaluation of the CMHC Seed Funding Program was undertaken using multiple research methods. These methods include a document/file review in order to situate this program in the broader housing system, to establish a background on the Seed Funding Program, to provide the context of British Columbia and to develop a program evaluation methodology. Data collected from CMHC was used to create a profile of the Seed Funding Program and supplement the evaluation of the Seed Funding program. Additionally, a survey of Seed Funding users and key informant interviews were undertaken to assess the Seed Funding Program; the approach and methodology of these two activities are described in this section.

### I. Purpose and Scope

As mentioned in the introduction, the purpose of this study is to review and assess the Canada Mortgage Housing Corporation (CMHC) Seed Funding for Housing Development Program in order to evaluate the strengths and weaknesses of this program in assisting target groups in BC (with a specific focus on non-profits and community groups). Additionally, this study will assess the impacts of this program on those groups and present some solutions to *improve* it.

While this program is implemented across Canada, this study will be limited to the Province of British Columbia. With high average monthly rents and low vacancy rates, British Columbia has a clear, demonstrable need for affordable housing. And while a variety of groups are eligible to use the Seed Funding program – a not-for-profit organization, a housing cooperative, a first nation, a private entrepreneur, or a group of individuals who may or may not intend to become incorporated – this study will primarily focus on non-profits and community groups.

### II. Evaluation Approach

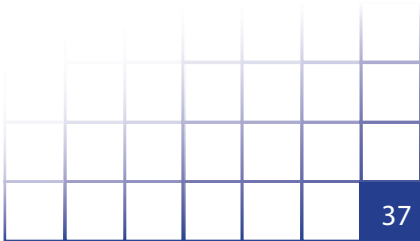
Program Evaluation is an activity that organizations do routinely, formally or informally, because we want to know how well human services serve people in need... Here are three fundamental points: First, evaluations are performed for many good reasons other than to root out sloth, incompetence, and malpractice; second, organized efforts to provide human services (i.e. programs) can be evaluated; and third, evaluations conducted cooperatively can serve to improve programs and, thus, the quality of life.

-Emil J. Posavac , 2011, p. 2

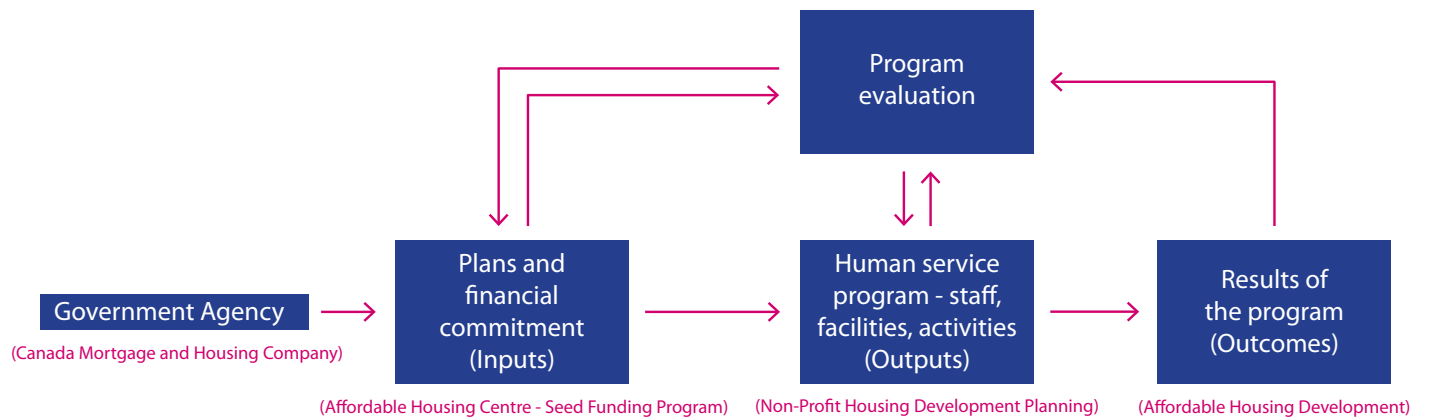
### What is a Program Evaluation?

The purpose of a program evaluation is to “contribute to quality services by providing feedback from program activities and outcomes to those who can make changes in programs or who decide which services are to be offered.” (Posavac, 2011, p. 13). The feedback from an evaluation is crucial for the success of an organization, without which service activities cannot be carried out effectively and the quality of service to people in need is affected.

The figure on the next page (38) shows the place of program evaluation as a feedback loop for a human service program. This figure has been adapted to reflect the particular program being evaluated in this paper – CMHC’s Seed Funding program – from the original developed by Posavac (2011).




**Figure 9:** The Place of Program Evaluation as a Feedback Loop for CMHC’s Seed Funding Program



Source: Adapted from Posavac, 2011, p. 13

Carrying out a program evaluation is no easy task. Posavac (2011) outlines four challenges of note:

1. Organizations are teams; therefore the responsibility for program effectiveness is shared.
2. Most programs attempt to achieve objectives that can only be observed sometime in the future, but “as the time between an activity and the desired outcome of that activity lengthens, it becomes less clear what we are to observe in order to decide that the activity is being carried out appropriately or not and what could be done to improve the results of the activity,” (Posavac, 2011, p. 2).
3. There are many parties involved in an evaluation
4. Programs are usually paid for by groups other than those that use the program... job security, at least in the short term, is often more dependent on keeping those funders satisfied than serving clients well.

### Types of Program Evaluations

There are also four common types of program evaluations, all involving studies of need, process, outcome and efficiency:

1. Assess the Needs of the Program Participants
2. Examine the Process of Meeting the Needs
3. Measure the Outcomes and Impacts of a Program
4. Integrate the Needs, Costs, and Outcomes

This evaluation will be a mix of type two and type three. There is clearly a need for the Seed Funding program as current affordable housing supply is inadequate and resources to develop affordable housing are limited (type one). As there has never been an official evaluation of this program (Personal Communication, July 30, 2012), it is necessary to examine the extent to which the Seed Funding program operates as expected. This type of evaluation (type two) includes understanding the original goals of this program, whether or not the program activities match these goals, and whether or not these goals align with user needs.

The type three evaluation, measuring the outcomes and impacts of a program, will also be integrated. This type of evaluation includes understanding how well the program is achieving its intended outcomes, and whether or not there are any unintended outcomes or impacts (long term outcomes are called impacts). It is important to note that

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there is a level of difficulty in tackling this type of program evaluation because people hold different opinions on what constitutes a successful outcome (Posavac, 2011). However, assessing program user needs, measuring the implementation of programs to meet those needs, and evaluating the achievement of carefully formed goals and objectives will provide information that can inform program improvements.

*Formative Versus Summative Program Evaluations*

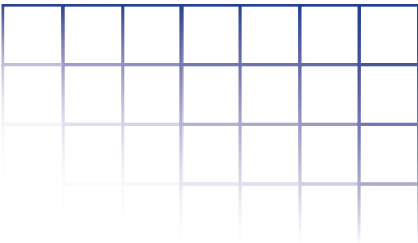
The evaluation undertaken for this paper is what is called a ‘formative’ evaluation, because it is designed to help the program itself. Formative evaluations have also been called ‘evaluation for development.’ The second form of evaluation is where the evaluation helps decide whether a program should be started or continued. These types of evaluations are called ‘summative’ evaluations, or ‘evaluations for accountability,’ (Posavac, 2011).

The third ‘form’ of evaluation is called monitoring. This happens after a summative and a formative evaluation have been completed for a particular program, its purpose is quality assurance (Posavac, 2011). CMHC does currently monitor the Seed Funding program (Personal Communication, July 30, 2012). However, as CMHC has never undertaken a summative or formative evaluation, monitoring this program only has limited value.

*Internal Versus External Evaluation*

Finally, there is one last element to consider in establishing an evaluation approach: internal evaluation versus external evaluation. Posavac asserts that “the affiliation of an evaluator has implications for the manner in which evaluations are done,” (Posavac, p. 16). The biggest factors are competency and objectivity. Internal evaluators have more background knowledge about an organization and the problems they are trying to address. They may also have greater access to internal information than an outsider. On the other hand, an outside evaluator may have greater objectivity.

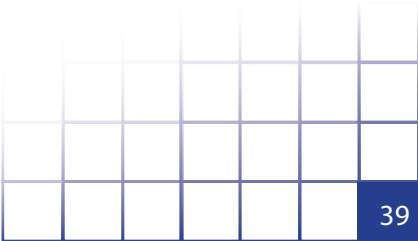
This particular evaluation does come from outside of the program, but the author has experience in the field of affordable housing development, and a background in planning, with the added benefit of objectivity, not being affiliated with CMHC. It is important to note that the researcher has some experience working with a few of the user groups, but this experience does not lead the researcher to feel a particular affiliation to any of these user groups (this experience as a possible ethical issue will be addressed further in the following section on ethical considerations).

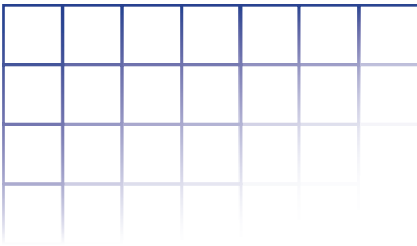


*Program Evaluation Standards*

The following evaluation standards, set by the Joint Committee on Standards for Educational Evaluation, are used by evaluators in a variety of fields (e.g. the Centers for Disease Control and Prevention). These standards help to guide the research and evaluation activities undertaken for this paper.

- “Utility Standards: are intended to ensure that an evaluation will serve the information needs of intended users
  - Feasibility Standards: are intended to ensure that an evaluation will be realistic, prudent, diplomatic, and frugal.
  - Propriety Standards: are intended to ensure that an evaluation will be conducted legally, ethically, and with due regard for the welfare of those involved in the evaluation, as well as those affected by its results.
  - Accuracy Standards: are intended to ensure that an evaluation will reveal and convey technically adequate information about the features that determine the worth or merit of the program being evaluated.”
- JCSEE (2012)





*Precedent Study*

Environment Canada’s Evaluation of the EcoAction Community Funding Program (2009) provides a relevant precedent study to help inform evaluation activities undertaken as part of this report. There are several similarities between Environment Canada’s evaluation at the evaluation of the Seed Funding program in this study. In addition to evaluating a nation-wide federal program aimed at funding non-profit activities, Environment Canada’s Evaluation of the EcoAction Funding program evaluation also relies heavily survey data. The evaluation produced by Environment Canada has provided a guide to everything from report organization, to an example methodology, evaluation questions and evaluation objectives.

*Survey Research Methods*

Survey research methods must also be included in this section, as surveys are the main method of primary data collection used for this study. Surveys meld sampling, question design, and data collection methodologies (Fowler, 2009). In addition to providing primary data, surveys can provide the following:

- 1. Confidence that the results are not biased and an understanding of data precision.
- 2. Standardized measurements and meaningful statistics
- 3. Specialized data to meet analysis needs, “a special-purpose survey may be the only way to ensure that all data needed for a given analysis are available and can be related. Even if there is information about some set of events, it may not be paired with other characteristics needed to carry out a desired analysis,” (Fowler, 2009, p. 3).

Creating a survey requires the designer to make a number of decisions that have the potential to help (or not) the accuracy or precision of survey results. Optimal survey design will take into account the following essential components:

- Sampling: A sample is a selected “subset of a population representative of the whole population” (Fowler, 2009, p.4). A good sampling gives nearly all members the same opportunity to be selected by using probability methods for choosing the sample. Example strategies include: area probability sampling and random-digit dialing.

When selecting a sample population, Fowler (2009) lists the following critical issues:

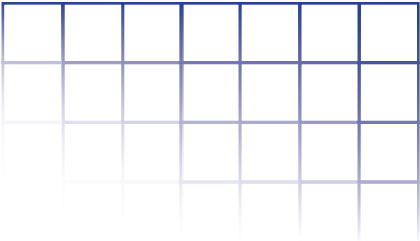
- the choice of whether or not the use a probability sample
- the sample frame (those people who actually have a chance to be sampled)
- the size of the sample
- the sample design (the particular strategy use for sampling people or households)
- the rate of response (the percentage of those samples for whom data are actually collected)

- Question Design: The way that questions are framed is an essential part of the survey process, as they must be standardized in order to be able to objectively measure results. However, pretests of surveys allow evaluators to identify problems preemptively. This allows question wording to be more objective.

With respect to question design, critical issues include:

- deciding what literature regarding the reliability and validity of questions will be used
- choosing whether or not to engage experts in question design
- determining the amount of pre-testing and question evaluation needed

Taken together, these components constitute what is called “total survey design,” (Fowler, 2009, p. 6). The quality of data collected will be no better than the most error-prone feature of the survey design (sampling and question design). A design decision that cuts across all these areas is the mode of data collection: by telephone, by mail, by personal interview, or over the Internet. Which mode of data collection used will affect the quality of data collected.



**Table 4:** Examples of Error by Types of Error and Type of Inference

Inference	Types of Error	
	Random	Biased
From sample to population	Sampling Error (example: too many females are randomly sampled)	example: those who are 65 are less likely to responde to telephone surveys
From answers to true characteristics	Invalidity/Non-Sampling Error: Answers randomly affected by factors other than the facts (example: someone may not know their own height)	example: number of ciga- rettes smoked is consistently underreported

Source: Fowler (2009, p. 17)

Table 4, adapted from Fowler (2009) shows the types of error that can affect survey estimates. These errors should be kept in mind when trying to evaluate the confidence one can have in estimates based on surveys.


### III. Seed Funding Evaluation Methodology

#### Program Evaluation Criteria

The Seed Funding program evaluation criteria: relevance/consistency, appropriateness, efficiency/fairness, and effectiveness/success, are based on the overall purpose of this evaluation -

To review and assess the Canada Mortgage Housing Corporation (CMHC) Seed Funding for Housing Development Program, in order to evaluate the strengths and weaknesses of this program in assisting target groups in BC, specifically focusing on: not-for-profit organizations (small and large), or a group of individuals who may or may not intend to become incorporated. Additionally, this study will assess the impacts of this program on those groups and present some recommendations.

The four specific categories of evaluation criteria were developed based on the priorities of the corresponding type of program evaluation. The different types of program evaluation were discussed in the program evaluation literature review above.

The purpose of this study indicates that this evaluation is mix of type two and type three evaluations. Type two evaluations examine the process of meeting user needs, which includes understanding the original goals of this program, whether or not the program activities match these goals, and whether or not these goals align with user needs. The following Seed Funding evaluation criteria were developed using type two evaluation priorities: program relevance/consistency, program appropriateness, and program efficiency/fairness.

Type three evaluations measure the outcomes and impacts of a program, which includes understanding how well the program achieves its intended outcomes and determining whether or not there are any unintended outcomes or impacts (long term outcomes are called impacts). These type three evaluation priorities were used to develop the program effectiveness/success criteria of the Seed Funding evaluation. Additionally, Environment Canada’s evaluation criteria from the Evaluation of the EcoAction program (precedent study) were consulted as the Seed Funding evaluation criteria were being developed. Table 5 on the following page demonstrates how each Seed Funding evaluation criteria is linked to an evaluation type and corresponds with criteria from Environment Canada’s Evaluation of the EcoAction program.

#### Survey of Seed Funding Program Users

In order to obtain data from a large number of program users, an evaluation survey was administered online using the free student program provided by SurveyGizmo. Respondents were contacted through BCNPHA, who sent out a ‘web blast’ with the survey link (see Appendix A). Follow-up emails were sent using web-based searches of affordable housing developers and BC Non-Profit Annual Reports. Using BCNPHA members to select a sample population could present a sampling bias error because it quite possibly excludes a large number of potential user groups, specifically private entrepreneur/builder/developers, municipalities, and First Nations, who are less likely to be members of such an organization. However, the focus of this research is on non-profits and community organizations, which makes this sampling method more reliable. Additionally, there may also be sample bias error because not every single non-profit developer or community group is a member of BCNPHA, and those without available email addresses were excluded from this survey.

The survey was distributed to all 626 members of BCNPHA (number estimated from recent annual reports). Non-Profit Housing Societies, Organizational Associations (non-profits), Service Organizations (for-profits), and Individuals may all be members of BCNPHA (BCNPHA, 2012) and it is estimated that around 400 BCNPHA members would be eligible to use Seed Funding.

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**Table 5:** Seed Funding Evaluation Criteria Table

Seed Funding Evaluation Criteria	Corresponding Priorities	Type of Evaluation	Corresponding Priorities	Comparable Precedent Study Evaluation Criteria
<b>Relevance and Consistency</b>	a. How consistent is this program with broader federal government policies and objectives?	Type Two Program Evaluation	a. Understanding the original goals of this program  b. Determining whether or not the program activities match these goals  c. Assessing whether or not these goals align with user needs	Relevance
	b. Does this program contribute to broader federal government policies and objectives?			Design and Delivery
	c. How consistent are the stated goals of this program with the actual programmatic activities (internal consistency)?			Design and Delivery
<b>Appropriateness</b>	How does this program align with stakeholder/user priorities?	Type Three Program Evaluation	a. Understanding how well the program achieves its intended outcomes  b. Determining whether or not there are any unintended outcomes or impacts (long term outcomes are called impacts).	Success
<b>Efficiency and Fairness</b>	Is this program designed and implemented in the best possible way according to stakeholders/users? How could the delivery of this program be improved?			
<b>Effectiveness and Success</b>	How well is this program achieving its intended outcomes and impacts? What unintended outcomes have materialized?			

Source: Posavac (2011), Environment Canada(2009)

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### Seed Funding Evaluation Survey Statistics:

**Sample Size** – 400 non-profits /community groups

**Total Population** – 726 non-profits in BC (BCNPHA, Personal Communication, July 2012).

**Total Responses** – 69

**Response Rate** – 17%

**Confidence Level** – 95%

**Margin of Error** –  $\pm 10.75\%$ ,

**Response Distribution** – 50%

In total, 69 eligible program users completed the survey for a response rate of 17%. The overall survey results are considered accurate within  $\pm 10.75\%$ , 19 times out of 20 (95%) for the sampled population (n=400). Unfortunately, this means the results of this survey are not a particularly accurate reflection of the entire non-profit community. That being said, the survey contained quite a few opportunities for respondents to fill in qualitative data after quantitative questions, which means that the results of this survey can still provide an amount of qualitative insight into the Seed Funding Program. Additionally, it is also important to note that in the *Evaluation of the EcoAction Community Funding Program*, Environment Canada found a confidence interval of  $\pm 7$  acceptable, as there was “little to no response bias,” (Environment Canada, 2009).

Data from this survey was analyzed to obtain the majority of the evaluation results regarding the relevance and consistency, appropriateness, efficiency/fairness, and effectiveness/success of the Seed Funding program. Please see Appendix B for a copy of the survey questions asked. A thorough review of the results of each question will be provided in Chapter 4: Evaluation of the CMHC Seed Funding Program.

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### Key Informant Interviews

In order to gather in-depth information on the questions of this evaluation, and to supplement information collected through other research methods, five key informant interviews were conducted with funded applicants and a representative of CMHC. The interviews were distributed as follows:

- Representatives of three different non-profit housing providers, including:
  - Pacifica Housing Advisory Association
  - Society of Saint Vincent de Paul of Vancouver Island
  - M’akola Group of Societies
- One consultant: Representative of Casita Consulting Ltd.
- A representative from CMHC’s Community Development Department, the head of the Affordable Housing Unit, answered typed interview questions via email
- Representatives from BC Housing’s Development Services Department

*It is important to note that one First Nations Band contacted the author after receiving the survey link through BCNPHA to enquire for more information about this study via email. In the process the representative provided additional information about their experience with affordable housing development on reserve. At their request, all identifying information will not be included in this report.*

Interviews were conducted via telephone due to the distance between Montreal and British Columbia. A semi-structured interview guide, customized to the type of interviewee (i.e. non-profit versus independent consultant, questions geared to particular responses provided in the survey, and questions geared to geographic location) provided direction and some structure to the interviews. Please see Appendix C for a copy of the Interview Guide, which contains an introduction, including informed consent, a set of questions, and closing comments. No more than 15 open-ended questions were asked of each interviewee; factual or descriptive questions were asked before any questions looking for an opinion, and probes were used as needed (included in the interview guide) (Boyce and Neal, 2006).

## Ethical Considerations

Since human participants were involved in this research, it is important to discuss ethics in program evaluation and ethical issues in survey and interview research. Ethical issues to highlight for this study include issues around the treatment of people and the validity of evaluations. Issues around the treatment of people include: obtaining informed consent, maintaining confidentiality, and recognizing the interests of different stakeholders (Posavac, 2011; Fowler, 2009). To address the issues around the treatment of people several key protections were put in place including an ethics review process conducted by McGill University.

The need for ethical standards has prompted many organizations to define ethical considerations and principles to guide evaluation efforts. As a student conducting research for credit at McGill University, the researcher is bound by the McGill University code of ethics, and, in aiming to limit ethical issues, a mandatory review by the Research Ethics Board-I (REB-I) was conducted by the University. Presented below are the ethical considerations reviewed for REB-I approval:

- the purpose of the research (including the value and dissemination plan)
- the recruitment of participants/location of research
- the other approvals needed to conduct research
- the methodology/procedure of the research
- the potential harms and risks
- the privacy and confidentiality considerations
- the informed consent process
- the other concerns that may arise (including any conflicts of interest)

- McGill University (2012)

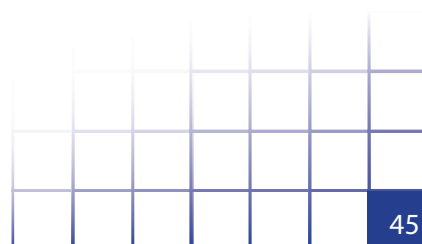
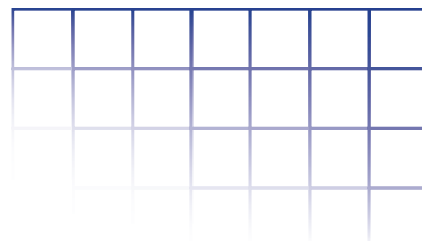
Please see Appendix D for Official Ethics Approval.

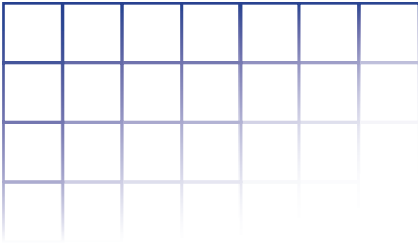
As mentioned earlier, survey respondents and interviewees were contacted via email and both types of respondents provided written consent prior to their participation in this research. Surveys were emailed out to a wide range of organizations through BCNPHA, and participation was entirely voluntary, with no compensation. Consent for the survey was obtained electronically; participants were given the option to electronically agree or disagree to certain clauses within the consent form, and "sign" the consent form with an electronic signature, i.e., typing their name. Consent was obtained from interviewees separately, with physically signed written consent forms.

Notes were taken throughout the interviews, and an electronic audio recording device was used for some of the interviews. However communication over the phone made this form of documentation difficult to rely on, and notes, transcribed immediately after the interviews, proved to be the most reliable form of documentation throughout each of the interviews. As noted earlier, a couple of these interviews were actually collected electronically, via emailed typed responses to interview questions.

With both the interviews and the surveys, participants could choose to refuse to respond to any particular question. Most of the survey questions, besides basic identifying questions, have the option to respond 'I don't know' or 'I do not wish to answer this question.' All participants were reassured that any information gathered would only be used for this project and all information collected would be stored by the author for one year following this research. Individual names and titles do not appear in this report unless participants permitted the researcher to do so. All participants were thanked for their participation, and given the opportunity to request a copy of the final report, and several participants did so.

Finally, it is important to outline possible conflicts of interest. The researcher has no personal relationship or conflict of interest with the survey or interview participants, except for two. The researcher has worked with three housing developers as part of an internship required by the McGill School of Urban Planning last summer, and has continued to do a small amount of consulting work for both groups as result of on-going projects which were initiated by the researcher during the summer internship. The researcher has had unofficial conversations with both of these groups about this research, and they are both very interested in this research and the results. However, there was no pressure from the researcher to participate in this research. Considering the number of the groups





to be surveyed or interviewed, the responses of these two organizations was not crucial to this research, and therefore there was no real motive for the researcher to demand participation from either of these organizations.

In addition to issues around the treatment of people, the validity of evaluation is also a concern that needs to be addressed. Validity can be affected by: measurement instruments, research design, and Statistical Type II errors (not being able to conclude statistically that a program is effective when it is, in fact, effective if the sample size is too small, and/or measures of outcome were of low reliability). Issues around the validity of the evaluation will be discussed in the conclusion.

# 4 Evaluation of the CMHC Seed Funding for Development Program


## I. Preliminary Discussion of Results

This section will discuss the basic characteristics of the surveyed population of non-profit housing providers including the type of organization, their regional spread, the year they were established, and the number of units they have developed (current capacity). Additionally, a discussion of the Seed Funding application process will include information on how many have applied, the number of multiple applications, reasons why some respondents have not utilized the Seed Funding program, respondent rating of the application process, and how many applications have been rejected and why.

Chart 1: Distribution of Respondents by Type of Organization

### Types of organizations

A majority (95.7%) of the respondents were non-profit organizations. Two consultants and a first nation did respond to the request to fill out the survey, but those results can only provide anecdotal or qualitative evidence of experiences from those user groups. However, it is important to note that at least one of the consultants has experience working with several non-profits to develop housing projects, which aligns more with the experiences of non-profits than with a private entrepreneur looking to develop affordable housing.

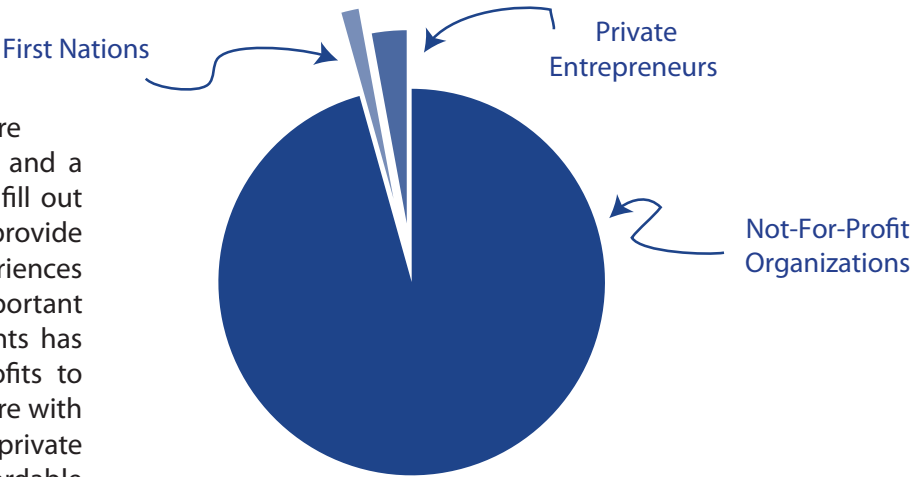


Table 6: Distribution of Respondents by Type of Organization

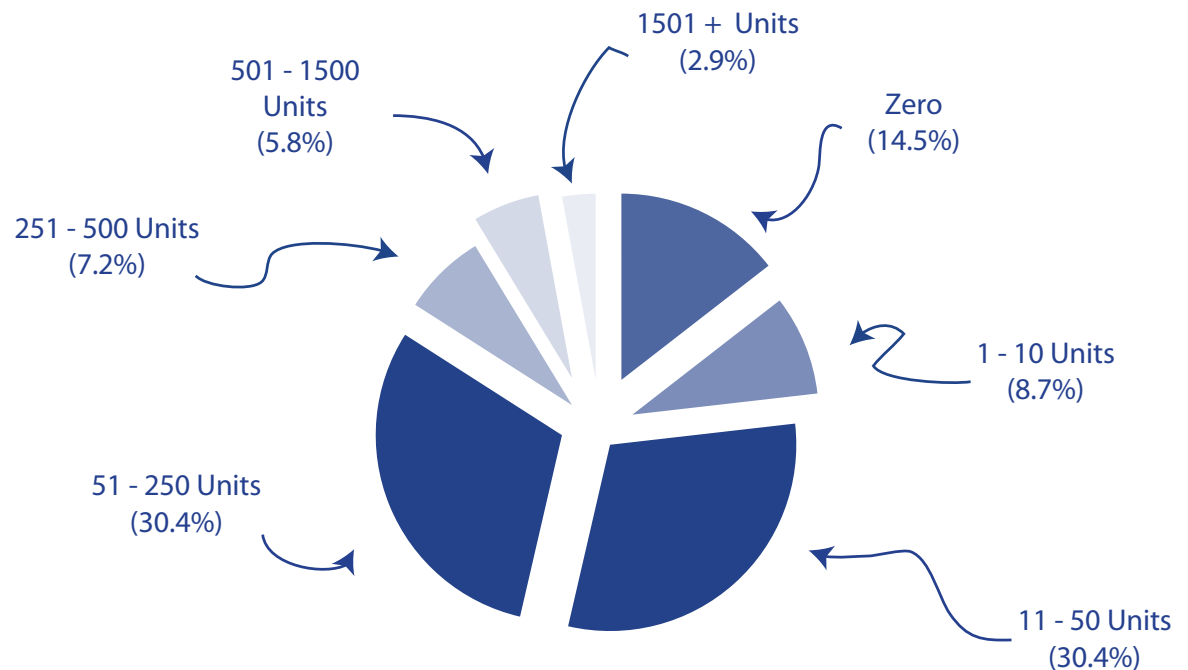
	Count	Percent %
not-for-profit organizations	66	95.7%
housing cooperatives	0	0%
first nations	1	1.4%
private entrepreneurs	2	2.9%
a group of individuals who may or may not intend to become incorporated	0	0%
total	69	100%

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### Units

In order to understand the current housing capacity of the non-profit societies surveyed, respondents were asked to indicate the number of units they managed using the following ranges: Zero, 1 – 10, 11 – 50, 51 – 250, 251 – 500, 501 – 1500, 1500 +. The majority of the non-profits who responded manage 250 units or fewer (69.5%). Only 16% of the non-profit respondents manage over 250 units. These results suggest that the majority of the respondents are societies with small portfolios, mirroring the trends found in the entire non-profit housing sector in British Columbia by Mousseau (2008) and Marason Management Ltd. (2004).

**Chart 2:** Number of Units Managed by Respondents (using BCNPHA categories)



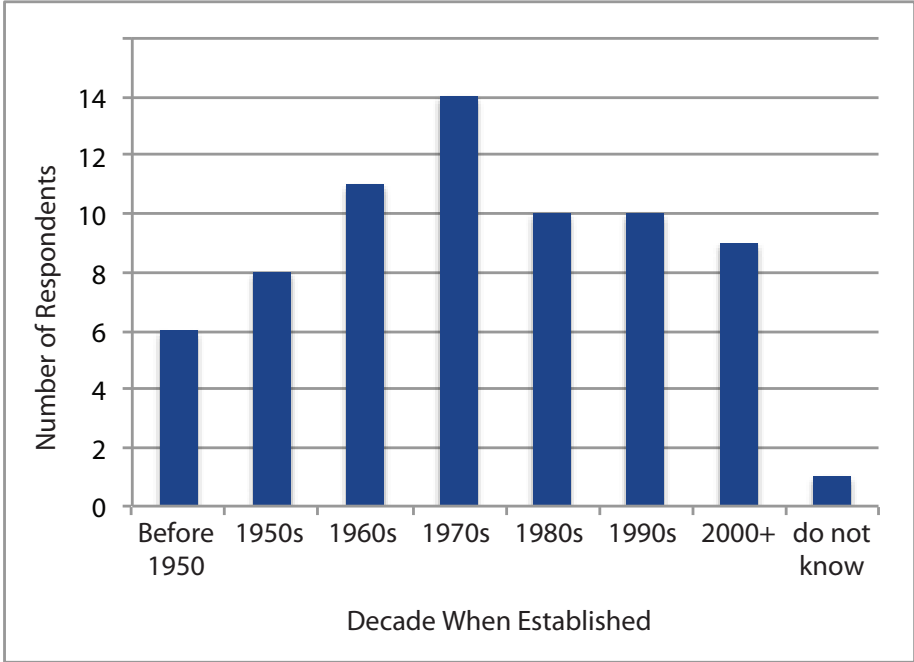
**Table 7:** Number of Units Managed by Respondents (using BCNPHA categories)

Value	Count	Percent %
Zero	10	14.5%
1 - 10 Units	6	8.7%
11 - 50 Units	21	30.4%
51 - 250 Units	21	30.4%
251-500 Units	5	7.2%
501 - 1500 Units	4	5.8%
1501 + Units	2	2.9%
total	69	100%






**Chart 4:** Spread of Respondents by Decade When Organization was Established



*Year Established*

All 69 of those surveyed responded to this question. The number of non-profits established each decade starts to steadily increase starting in the 1950s, which was when the federal government started to fund social housing through programs such as the Low Rental Program (see the timeline in chapter one for a discussion of this program). In the 1970s a small spike in the number of non-profits established is apparent on the chart, and could be attributed to the start of the federal Non-Profit Housing Program established in 1973 to encourage non-profit housing societies to develop social housing.

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Seed Funding Applications

The following questions were asked in order to understand how many of the respondents have actually applied for Seed Funding and how often. Those who had not applied for Seed Funding were also asked why not. These questions are aimed at understanding the use, familiarity and reach of the Seed Funding program. It is also important to look into why those who are eligible to use the program are not using the program for their developments. Responses from those who have not used the Seed Funding program may have just as much to say about the appropriateness and efficiency of the program as responses from those who have used Seed Funding. Additionally, questions aimed at understanding the difficulty of the application process and how many have been denied seed funding are also included in this section. These questions can help gauge Seed Funding standards and respondent capacity to meet those standards.


Respondents who have applied for Seed Funding

The majority of the respondents of this survey have, in fact, applied for Seed Funding from CMHC (63.8%). Those who have not applied for Seed Funding were asked to explain why they had not attempted to use this funding stream, further discussed in a following section, and were then thanked and allowed to exit the survey.

Chart 5: Distribution of Respondents Who Have and Who Have Not applied for Seed Funding

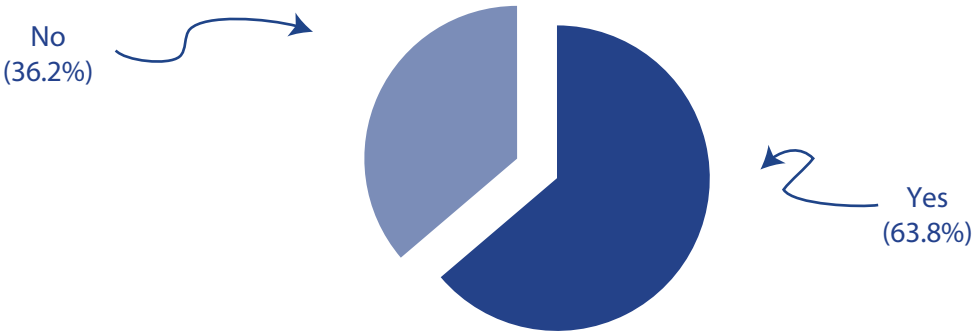


Table 9: Distribution of Respondents Who Have and Who Have Not applied for Seed Funding

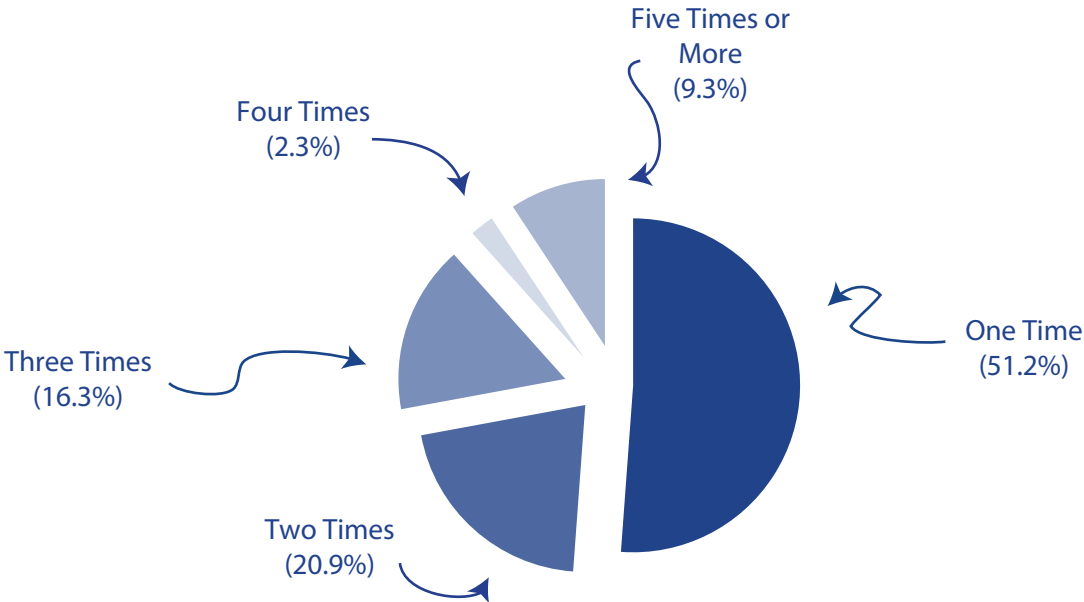
	Count	Percent %
Yes	44	63.8%
No	25	36.2%
total	69	100%

						51


**Respondents who have applied for Seed Funding multiple times**

Additionally, half of the respondents who had applied for Seed Funding have applied for the funding multiple times (48.8%), and 9.3% actually applied for Seed Funding five or more times. Eighty-six percent of respondents who applied for Seed Funding more than once has been awarded funding at least once. This demonstrates that this program has a degree of usefulness to those who are already familiar with the process of applying for and using Seed Funds.

**Chart 6:** Respondents Who Have Applied for Seed Funding Multiple Times



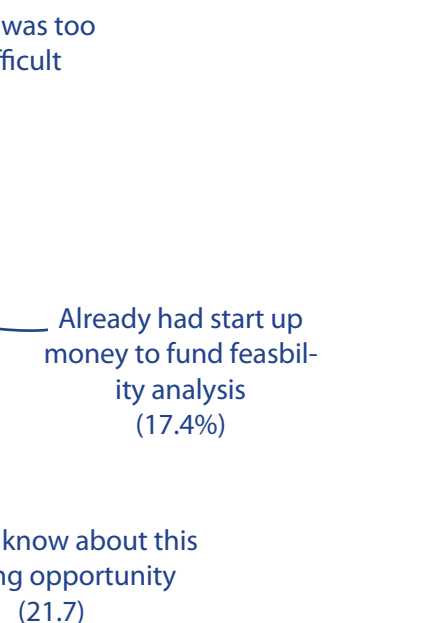
**Table 10:** Respondents Who Have Applied for Seed Funding Multiple Times

Value	Count	Percent %
One time	22	51.2%
Two times	9	20.9%
Three times	7	16.3%
Four times	1	2.3%
Five times or more	4	9.3%
total	43	100%

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Several other respondents (3) did not know why their organization had not applied, and others were unable to apply as funding was unavailable at the time they were looking to apply, or were not in need of a feasibility study.

tions seemed to lack the capacity to manage the process (8.7% said that process was difficult), however, there might be more than just capacity. Anecdotally, the unincorporated group in BC, made up of people from several different non-profits, was interested in providing much-needed housing for youth. This group was caught up in the process of applying for the funding, although the first \$10,000 is essentially guaranteed. They do not want to take the time to apply for the funding. Additionally, the initial focus of this group was addressing a top-quality housing need and

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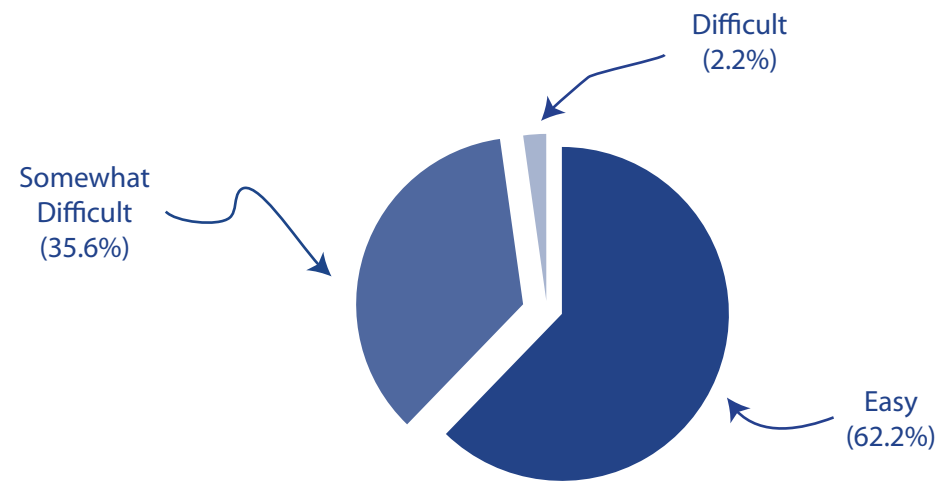

demand analysis to provide clear evidence of what the local service providers already knew was a need and demand for affordable youth housing. The other eligible activities required by CMHC seemed to distract from that immediate goal. This might suggest something about how appropriately the Seed Funding process is able to respond to the various types of need of non-profits and community groups looking to explore options around providing affordable housing. That being said, not all of the eligible activities are required by CMHC, an agreement is negotiated between the applicant and CMHC, so it may be that the problem is the way that CMHC markets the Seed Funding program. See Section III: Appropriateness for a further discussion.

One of the top answers was ‘did not know about the funding opportunity’(21.7%), which suggests CMHC might need to increase awareness and outreach campaigns in order to increase the number of applicants, and down the line, hopefully, the number of feasible affordable housing developments in BC. An example of this comes from one of the respondents, a First Nations Band, that had never heard of the program. This particular band was one of the first bands to provide social housing on reserve. Even with this long history of involvement of providing affordable housing, the Seed Funding program never made it onto their radar as a funding option. Some of this assuredly has to do with the fact that a variety of federal funding agreements with First Nations Bands, and some programs are available specifically for First Nations on-reserve housing and community development. However, as statistically insignificant as one account is, it does suggest that outreach to First Nations Bands, an eligible user group, could be improved (Personal Communication, August 2, 2012).

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**Chart 8:** Distribution of Respondent Ratings of the Application Process



**Table 12:** Distribution of Respondent Ratings of the Application Process

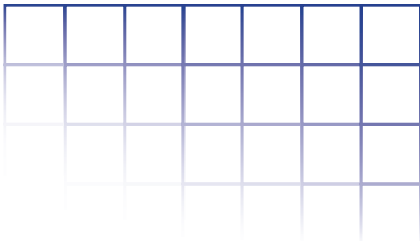
Value	Count	Percent %
Easy	28	62.2%
Somewhat difficult	16	35.6%
Difficult	1	2.2%
total	45	100%

**Difficulty of the Seed Funding Application Process**

As a reminder, the Seed Funding application process requires applicants to provide:

- A description of the proposed project
- An assessment of experience, including experience with developing housing, and the qualifications of key individuals who will be working on project (can include paid professionals) in the following areas:
  - Housing development
  - Construction Management
  - Financing
  - Property Management
  - Experience with intended clientele
- Evidence of financial resources
- Planned activities and requested funding amount
- Community/local support for the project

Respondents were asked to rate the Seed Funding application process. The majority of the 45 respondents rated the application process easy (62.2%), and the rest of the respondent rated the application process only somewhat difficult (35.6%). Only one respondent rated the application process difficult, demonstrating that almost all of the respondents had the capacity to complete the Seed Funding application process. Please see chart 8 on the next page.




### Respondents who were denied seed funding

Not all applications are accepted and given seed funding to do an in-depth feasibility analysis. Of the 46 respondents who responded to this question, the majority were awarded seed funding (80.4%), only two respondents declined to answer, and a total of seven (15.2%) were ever denied seed funding. Respondents were asked to explain why they had not been awarded seed funding. Two responded that the budget year had expired, or that funding was fully committed. The rest of the responses were as follows:

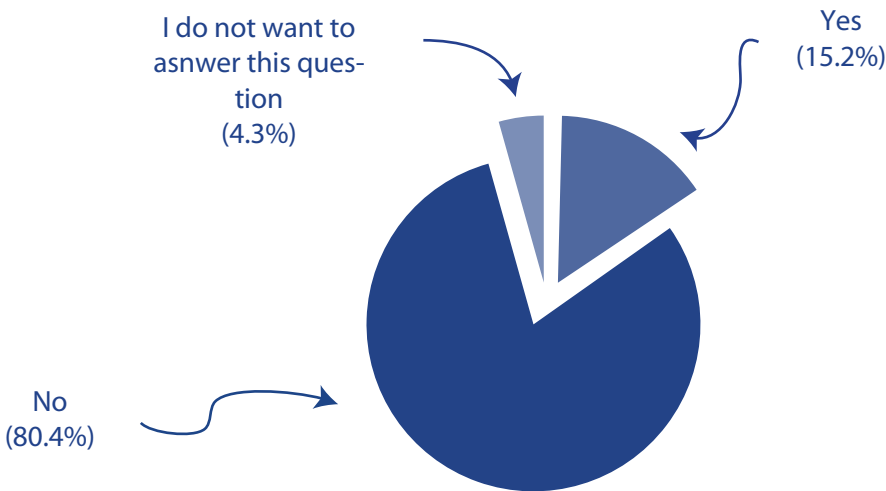
- “The project was said to be not financially feasible”
- “Proposed to purchase an existing building to provide affordable housing”
- “Building in a depressed area”

- “Chose other applicants that they felt were better able to provide/supervise housing”
- “One of the requirements for Seed Funding is that we have secured property for the development. We do not have any property”

Many of these responses suggest that a lack of capacity, of the organization or the project, led CMHC to reject the application for funding. Solutions to increasing non-profit capacity to develop affordable housing in BC should come from a variety of sources. However, working with non-profits to increase capacity is part of the CMHC Affordable Housing Centre mandate (discussed in the following section), and innovative solutions to increasing non-profit capacity to secure Seed Funding should be a part of the program.

For example, it is problematic if the respondents who claimed they were denied Seed Funding to explore purchasing an existing building or purchasing property were denied funding solely on the basis that those activities do not fit CMHC requirements. Such requirements seem rigid when the province (and the whole country) is in such desperate need for affordable housing.

**Chart 9:** Distribution of Respondents Who Have and Have Not Been Denied Seed Funding



**Table 13:** Distribution of Respondents Who Have and Have Not Been Denied Seed Funding

	Value	Count	Percent %
	Yes	7	15.2%
	No	37	80.4%
	Don't know; first application is under review	0	0%
	I do not want to answer this question	2	4.3%
	total	45	100%

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## II. Relevance and Consistency

The relevance of the Seed Funding program is assessed through the following evaluation questions:

*Is there a legitimate and necessary role for government in this program area or activity?*

*Does this program align with broader federal government policies and objectives?*

**Indicators include:** evidence of alignment with Government of Canada priorities, demonstration that the program mandate is aligned with a public good, evidence that there is a continued need for government involvement, demand for the program.

**Methods used:** a document review (Government of Canada policy), literature review (housing need), survey results (question: Would you use, or apply to use, the CMHC Seed Funding for Housing Development program again?), and personal communication with BC Housing

### Findings:

The CMHC Seed Funding for Housing Development program is relevant in that it is aligned with federal priorities, it contributes to the provision of a public good and there is a continued need for this program. By providing financial and other support to non-profits and community groups looking to provide affordable housing options, this program enables projects that have a direct impact on the provision of affordable housing, which is a federal priority.

The current federal policy regarding housing is the National Housing Act R.S.C., 1985, C. N – 11, last amended June 29, 2012. This is ‘an act to promote the construction of new houses, the repair and modernization of existing houses, and the improvement of housing and living conditions.’ (Government of Canada, 2012, p. 1).

In relation to the provision of affordable housing, this document provides the following goals:

“The purpose of this act, in relation to financing for housing is to promote housing affordability and choice, to facilitate access to, and competition and efficiency in the provision of housing finance, to protect the availability of adequate funding for housing at low cost, and in general to contribute to the well-being of the housing sector in the national economy.” (Government of Canada, 2012, p. 5).

Besides being a federal priority, affordable housing is a public good, which the market is not always to provide to those with limited means, where government involvement becomes necessary (Rose, 1980 and Hulchanski, 2006). Additionally, a growing number of households in core housing need implies a continued need for this and other federal and provincial programs to address affordable housing (Wellesley Institute, 2010).


When asked if they would use this program again, 85.7% of the respondents who answered this question indicated yes, demonstrating continued interest or need for this program (see chart 10 below). Several survey respondents indicated that without this form of funding their projects would not have gotten off the ground because funds are not always available to conduct feasibility studies. In an interview with BC Housing, representatives also indicated that without Seed Funding many groups would not have been able to move forward on what are now successful housing projects (Personal Communication, September, 2012). The survey and interview data indicates the important role the government has in supporting new affordable housing proposals, and demonstrates the relevance of the CMHC Seed Funding program in getting proposals off the ground, step one of providing affordable housing.

The consistency of the Seed Funding program is evaluated through the following evaluation question:

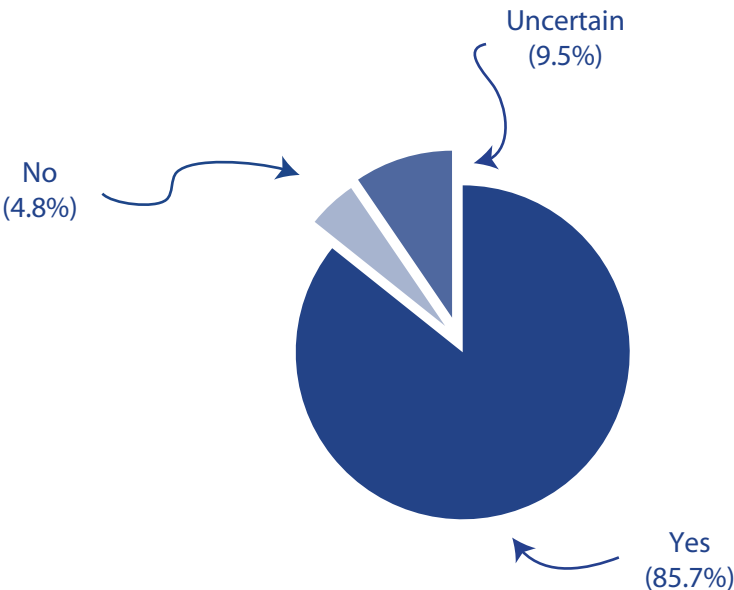
*How consistent are the stated goals of this program with the actual programmatic activities (internal consistency)?*

**Indicators include:** Affordable Housing Centre priorities and activities.

**Methods used:** a document review (Affordable Housing Centre website and Seed Funding documents) and personal communication with the Affordable Housing Centre manager.

**Findings:** Unfortunately, CMHC was not able to provide details on specific goals of the Seed Funding program. They referred the author to the one-page 2003 press release when asked for specific goals of the program. This statement includes one overall objective of facilitating the production of affordable housing through partnerships (CMHC, 2003).

**Chart 10:** Distribution of Respondents Who Would or Would Not Use the Seed Funding Program Again



**Table 14:** Distribution of Respondents Who Would or Would Not Use the Seed Funding Program Again

Value	Count	Percent %
Yes	36	85.7%
No	2	4.8%
Uncertain	4	9.5%
I do not want to answer this question	0	0%
total	42	100%

58						

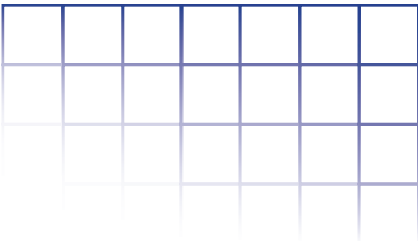
Additionally, the CMHC website includes a description of the the Affordable Housing Centre mandate, from which some general Seed Funding program goals can be gleaned. From the website:

- “CMHC’s team of affordable housing experts can provide you with guidance and expertise to help make your proposed housing project a reality. Our team draws on a wide range of affordable housing knowledge and experience to connect you with the resources, knowledge and contacts that can make your vision a reality,” (CMHC, Affordable Housing Centre, 2012).
- “Putting the right financing in place can make all the difference between getting a successful project off the ground and having to put a great idea back on the shelf. CMHC’s representatives can provide assistance in the very early stages of developing your project idea, ” (CMHC, Affordable Housing Centre, 2012).

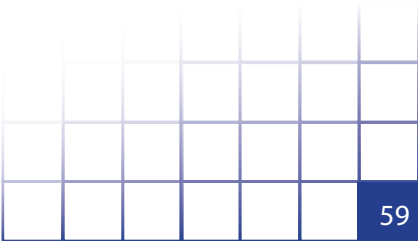
From the statements in the press release and the Affordable Housing Centre website the author can suggest the following goals:

1. To facilitate the production of affordable housing through partnerships.
2. To build the capacity of affordable housing developers by providing resources, knowledge and contacts.
3. To finance the early stages of developing an affordable housing project.

The activities undertaken by the local corporate representatives and the senior CMHC Affordable Housing Centre staff are consistent with the three goals listed above. CMHC facilitates the production of affordable housing by partnering with non-profits to provide the finances necessary to develop the early stages of an affordable housing project, which aligns with both goal one and goal three. Local corporate representatives for CMHC accept applications on a rolling basis as long as the annual funding allotment is still available. Funding is available for incorporation, analysis of need and demand for the proposed project, preliminary analysis of financial viability, preliminary design of the housing project, preparation of business plan (CMHC, 2012). All of these components can help a society determine the feasibility of a project, and if the project is feasible, can be used to apply for funding or financing from BC Housing or other financial lending institutions or benevolent foundations (see chapter two for a discussion of the affordable housing development process for non-profits in BC).



Several different activities undertaken by local representatives or senior management supports goal number two. Local representatives engage in outreach, encouraging groups interested in developing housing to apply for CMHC Seed Funding. They visit applicants, provide non-profits with resources for developing proposals (see CMHC’s website for project proposal guides) and follow up on developments (personal communication, July 30, 2012). Additionally in BC, these representatives often informally communicate with BC Housing about different projects in the ‘pipeline,’ which helps create bridges between federal and provincial standards for affordable housing proposals (personal communication, September, 2012).




### III. Appropriateness

The appropriateness of the Seed Funding program is measured through the following evaluation question:

*How does this program align with stakeholder/user priorities?*

**Indicators include:** Eligible Seed Funding Activities (e.g. a housing need and demand, a business plan) used by respondents and all Seed Funding users in BC, evidence that respondents used the funds as originally planned with CMHC, evidence that respondents felt that Seed Funding priorities set by CMCH aligned with their priorities (planned activities and money) and why.

**Methods used:** Data collected from personal communication with the Affordable Housing Centre manager, survey results.

#### Findings:

The CMHC Seed Funding for Housing Development program is appropriate in that a majority of survey respondents who used the funding felt that the proposed activities aligned with their priorities. Additionally, the majority of survey respondents used the eligible Seed Funding activities as originally planned. Respondents were also asked to fill out which eligible activities they used the funding for. Please see chart 11 on opposite page The most popular activities included preliminary design of the housing project (62.5%), preliminary financial viability analysis (45%), development of a business plan (45%), and housing market studies to evaluate need and demand for the proposed project. It is important to note that BC Housing recently made housing need and demand studies a requirement preliminary project approval (communication, September, 2012).

CMHC provided the list of funding activities, ranked by frequency of usage, in the province of BC (personal communication, July 30, 2012):

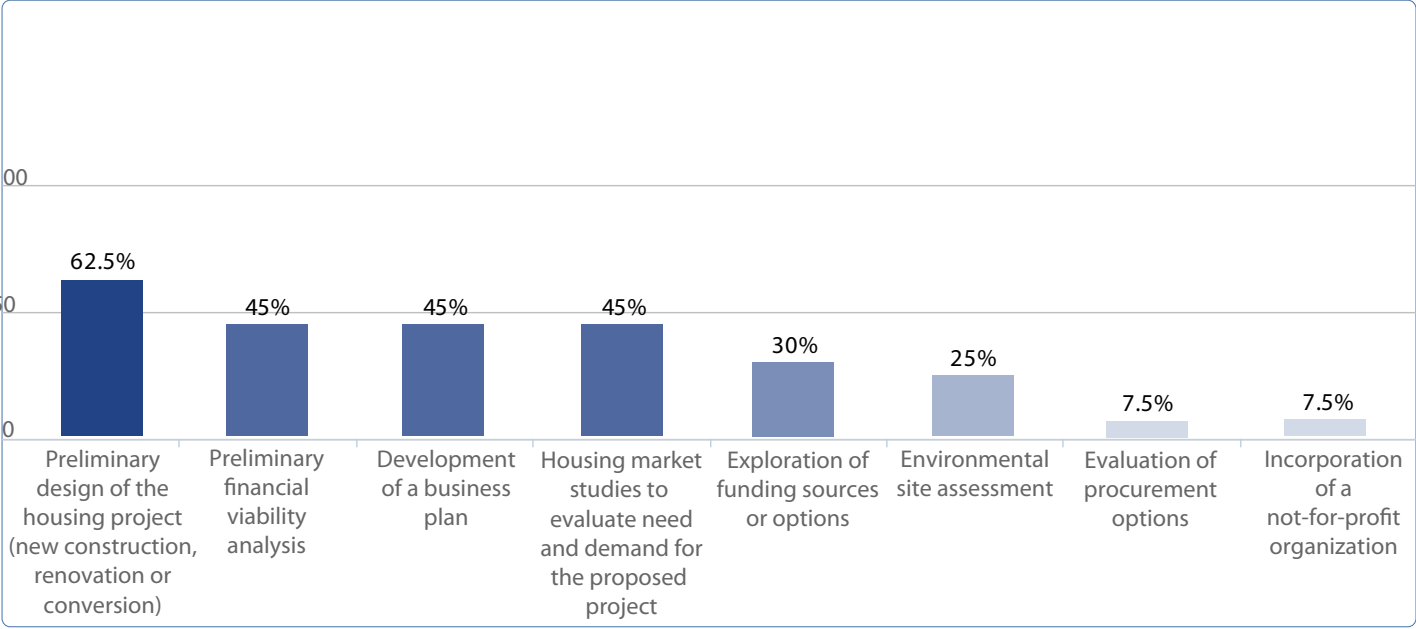
- Preparation of a business plan
- Preliminary design
- Financial viability analysis
- Market study
- Professional fees
- Need and demand study
- Exploration of funding sources
- Evaluation of procurement options\Incorporation

Comparing these lists indicates that the top expenditures – preparation of a business plan, preliminary design, financial viability, and housing market studies – on both lists align, suggesting that the sample respondents mirror the broader user groups in the province.

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**Chart 11:** Frequency of Eligible Seed Funding Activities Used by Respondents



**Table 15:** Distribution of Respondents Who Would or Would Not Use the Seed Funding Program Again

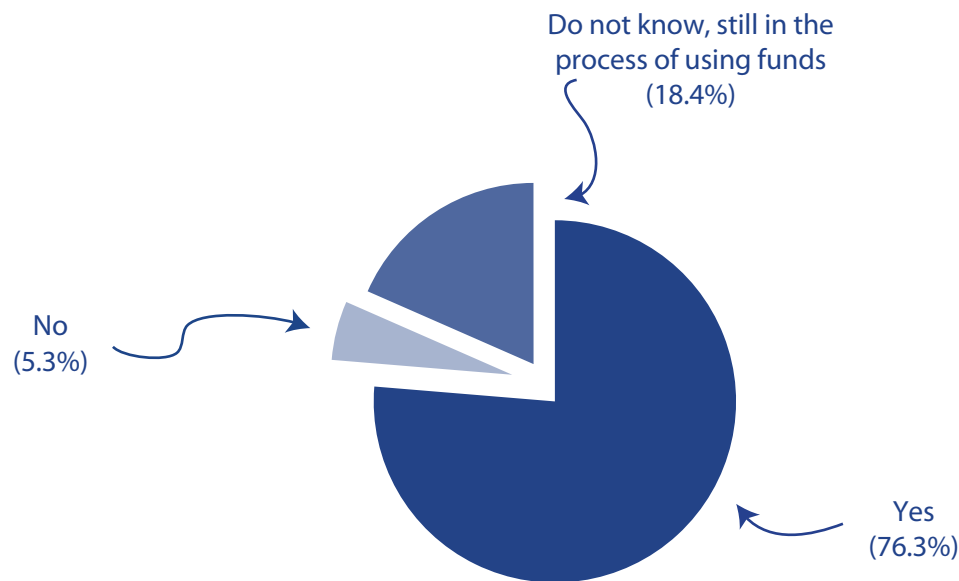
	Count	Percent %
Housing market studies to evaluate need and demand for the proposed project	18	45%
Development of a business plan	18	45%
Exploration of funding sources or options	12	30%
Evaluation of procurement options	3	7.5%
Preliminary financial viability analysis	18	45%
Environmental site assessment	10	25%
Preliminary design of the housing project (new construction, renovation or conversion)	25	62.5%
Incorporation of a not-for-profit organization	3	7.5%
total	107	100%


Respondents were also asked to indicate whether they had used the funds as originally planned, see chart 12 below, which a majority (76.3%) indicated they had. Those who did not use Seed Funds as originally planned provided the following explanations:

- “Other priorities became apparent. More funds were needed for other covered categories”
- “Sometimes funds were ‘stretched’ to cover other tasks still relevant to the project and acceptable to CMHC”

This suggests that eligible activities aligned with user priorities, but that monetary allocation may not.

**Chart 12:** Distribution of Respondents who and did not use funds as originally planned



**Table 16:** Distribution of Respondents Who and Did Not Use Funds as Originally Planned

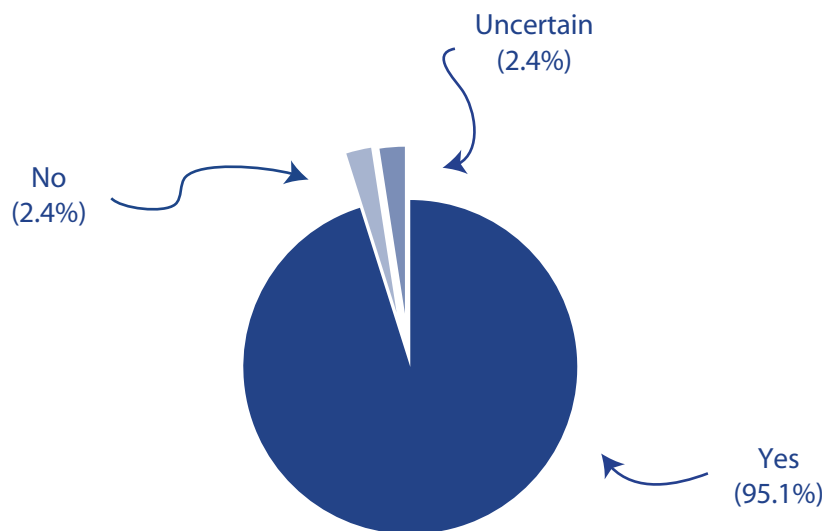
	Count	Percent %
Yes	29	76.3%
No	2	5.3%
Do not know, still in the process of using funds	7	18.4%
total	38	100%

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A 4x6 grid of squares. The bottom two rows (rows 3 and 4) are shaded light blue. The top two rows (rows 1 and 2) are white.

demand] reports are provided. The business plan will show that the project will not work and the needs and demand study will show there still exists a strong demand," (personal communication, June, 2012).

**Chart 13:** Distribution of Respondents who felt that the eligible activities did or did not align with their priorities



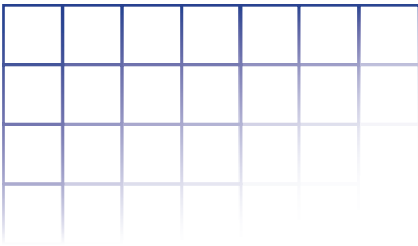
**Table 17:** Distribution of Respondents who felt that the eligible activities did or did not align with their priorities

	Count	Percent%
Yes	39	95.1%
No	1	2.4%
Uncertain	1	2.4%
I do not want to answer	0	0%
total	41	100%

In an interview, another non-profit echoed this frustration in a different context:

"We submitted qualifying expenses, but the policy requires that we conduct the needs and demand study and the business plan to free up the funds. Working the financial business case in the end determined that the project could not proceed, but many other activities were completed such as traffic study, rezoning, and design, but these cannot be reimbursed until the [initial need and

These two dissatisfied responses suggest that there are funding limitations and restrictions imposed by CMHC that not only do not align with user priorities, but may waste non-profit time and CMHC funds. In the particular



documented example, the requirement the completion of the Housing Need and Demand (or ‘Housing Market Study’) prior to releasing funding for any other approved activities required the non-profit to complete the Housing Need and Demand even though they had already determined the project to be financially unfeasible. The two dissatisfied responses came from organizations with a long history of developing affordable and low-income housing; one organization manages between 500 and 1500 units, and the other manages over 1500 units, in a major city in BC (one of the Designated Cities by Canada’s HRSDC as having a significant problem with homelessness). The need and demand for affordable housing in major centers is well documented by CMHC, HRSDC and StatsCan, as well as by the province. This leads non-profits in larger cities to find completing housing need and demand studies repetitive and unnecessary, especially in the context of releasing additional Seed Funds.

These experiences suggest that there is a lack of flexibility on the part of CMHC when it comes to user priorities. While the eligible activities for funding align with the basic elements of a feasibility analysis, some non-profits place a different emphasis on different activities. In another interview, a consultant who works in the Southern Interior (Penticton and surrounding small towns) expressed a similar frustration with the lack of flexibility from CMHC, but for different reasons.

While representing different non-profits in small-town BC this consultant has also experienced dissatisfaction with CMHC’s requirements. The consultant explains that “the [Seed Funding] format requires too much regurgitation of stats that do not mean anything. There are no stats for smaller areas; StatsCan produces results for the ‘rest of BC,’ which is highly problematic when the rest of BC is almost 1/3 of the province.” (Personal Communication, July, 2012). This leads to interpolation or leaving certain

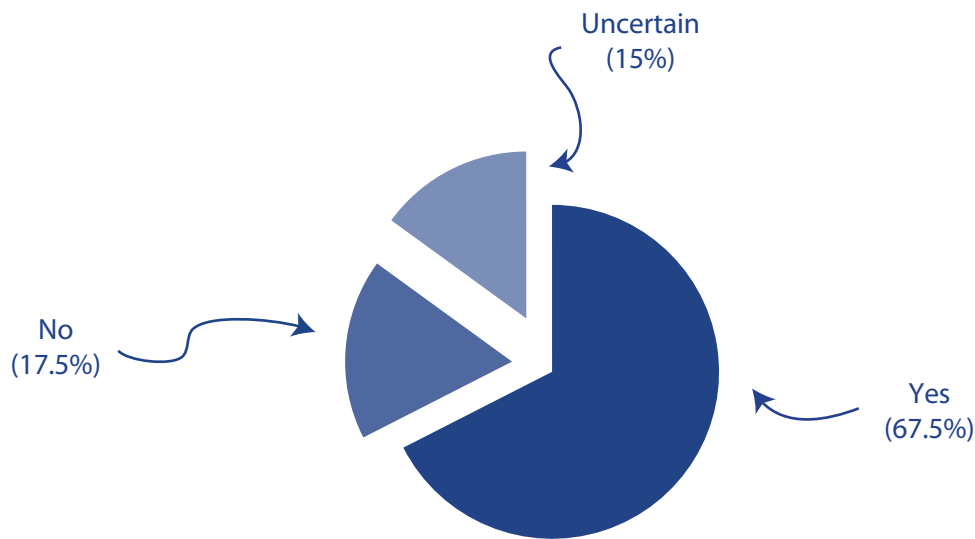
elements unanswered, which does not produce a strong product.

The consultant went on to say, “I would encourage CMHC to allow applicants to take some liberties...to etch requirements in Jell-O, not in stone. But I am NOT saying get rid of seed funding, it has its purpose. It just seems like the money could be more effectively spent in small town BC.” (Personal Communication, July, 2012). Because “If a consultant is to take the time to find stats and numbers that are project specific, the \$10,000 limit is not enough.” (Personal Communication, July, 2012).

A 4x6 grid of squares. The bottom two rows (rows 3 and 4) are shaded light blue. The top two rows (rows 1 and 2) are white.

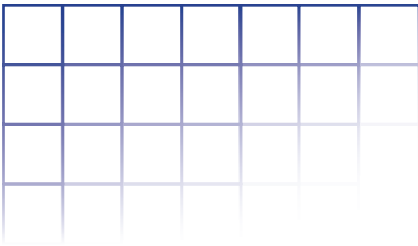
A pie chart illustrating the distribution of responses for the question 'Do you have a good idea of what you want to do?'. The chart is divided into three segments: a large dark blue segment representing 'Yes' at 67.5%, a medium blue segment representing 'No' at 17.5%, and a small light blue segment representing 'Uncertain' at 15%. Arrows point from the labels to their respective segments.

Response	Percentage
Yes	67.5%
No	17.5%
Uncertain	15%



	Count	Percent %
Yes	27	67.5%
No	7	17.5%
Uncertain	6	15%
I do not want to answer this question	0	0%
total	40	100%

	Count	Percent %
Yes	27	67.5%
No	7	17.5%
Uncertain	6	15%
I do not want to answer this question	0	0%
total	40	100%



Respondents who answered that the money did not effectively met their needs were asked to elaborate on their answers. The following answers were submitted:

- “Development expenses were far more than the amount of seed money”
- “Funds were too little”
- “Other funding was also needed”
- “The seed money could have been put to better use”
- “Studies are expensive and the tendency is to try to circumvent the process to save money and it can lead to financial problems down the road. As stated, we have not received any funds as yet, so it is a wait to see if the funds did assist. The funding only covers a portion of the study costs”
- “We actually need more \$ to have the required land, environmental and archeological surveys completed and money for the land title fees”
- “In some situations it is enough money, but other times there is a lot more to do to determine if it is feasible”
- “Grant funds were not sufficient and should be increased to \$15,000. You can’t expect professionals to do a good job for the fund allocated, especially for preliminary design”

These responses have a similar theme: Seed Funding does not appropriately cover all the actual expenses related to a feasibility analysis. It is important to note that Seed Funding amounts have not been increased since the program was introduced almost ten years ago. This will be something that CMHC should seriously consider when they do their own internal

evaluation.

In a conversation with BC Housing, the representatives of the Development Services Department echoed the majority of the survey responses, explaining that the Seed Funding money really helps societies across all regions of BC, but that it goes a long way for smaller societies especially. BC Housing did suggest that CMHC review the amount of Seed Funding based on what studies cost in the private market. Societies must hire professionals to complete the eligible activities, and market rates for these studies may cost more than what CMHC allots for a given activity. Additionally, smaller societies do not always know what they are looking for in a consultant, and while BC Nonprofit Housing Association (BCNPHA) can help societies develop a request for proposals (RFP) to find the right consultant, this service costs money and leaves even less for eligible Seed Funding activities.



IV. Efficiency/Fairness

The efficiency/fairness of the Seed Funding program is measured through the following evaluation questions:

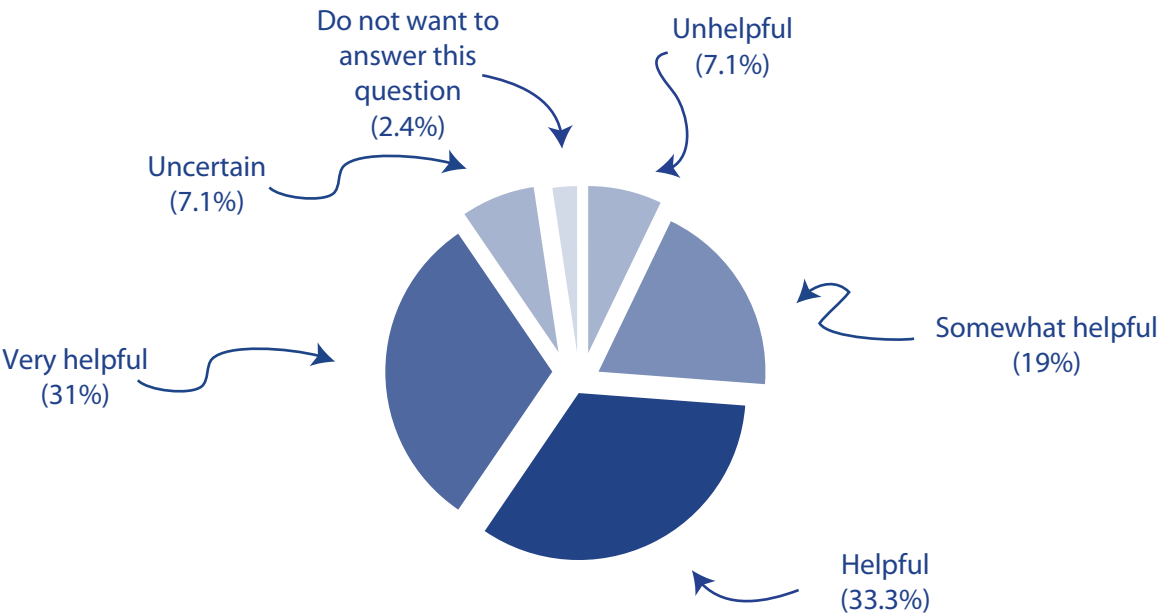
*Is this program designed and implemented in the fairest way according to stakeholders/users?*

*How could the delivery of this program be improved?*

**Indicators include:** Evidence from respondents about help/guidance provided by CMHC, and qualitative evidence from respondents about CMHC’s funding priorities (planned activities and money).

**Methods used:** Data collected from personal communication with the Affordable Housing Centre manager, survey results.

**Chart 15:** Distribution of Respondents Ratings of CMHC help/guidance



**Results:**  
The CMHC Seed Funding for Housing Development program is efficient and fair in that a majority of survey respondents found CMHC at least somewhat helpful, and CMHC believes the program to be cost effective. According to CMHC, while “not all projects are completed, Seed Funding is considered to be very cost effective way for a housing proponent to determine a project’s viability.” (Personal Communication, July 30, 2012).

When asked to rate the help/guidance provided by CMHC, the majority of survey respondents (83.3%) responded they found it at least somewhat helpful. Thirty-three percent found CMHC helpful, and thirty-one percent found CMHC very helpful, see chart 15.

**Table 19:** Distribution of Respondents Ratings of CMHC help/guidance

	Count	Percent %
Unhelpful	3	7.1%
Somewhat helpful	8	19%
Helpful	14	33.3%
Very helpful	13	31%
Uncertain	3	7.1%
Do not want to answer this question	1	2.4%
total	42	100%


The following are comments made by survey respondents demonstrate how respondents felt about their interactions with CMHC:

- “The staff have been very helpful and understand the issues of non-profits, and try and provide as much info as they can to assist with the application and process”
- “CMHC has been very supportive and instrumental in the success of our projects”
- “CMHC staff have been supportive and flexible. The program has been helpful in moving two projects forward”
- “Staff helpful and responsive”
- “The assistance, particularly from Debra Yip in the Vancouver office has been excellent”
- “The representatives from CMHC are always willing to direct us in the appropriate area in order to be successful. They were open to meeting us at BCNPHA conference etc”
- “Staff have been supportive and helpful. The application process was straightforward and all of our questions have been answered along the way”

However, there were also several comments about how the delivery of this program could, in fact, be improved. As discussed in Section III: Appropriateness, several different non-profits and a consultant wanted CMHC to become more flexible in their requirements, in order to take into account varying need from different types of organizations providing housing in different geographical contexts.

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In addition, the following suggestions in regards to program delivery and implementation were made:

- “I am extremely disappointed by the lack of disclaimer in the current seed funding program that the approval of seed funding does not imply the achievability of a proposal.”
- “I am a little unclear if I can apply without a definite plan in place. This is what I was hoping to apply for, was to look at two or three options we have, and have someone assess the viability of each to help us make a decision on which way to proceed, depending on the research”
- “If the grant is approved it would be great if eligible expenses could be approved retroactively to the time of application”
 

“Please continue and expand but look at the capacity building ability of the organization applying – it will add to success of the projects”
- “In spite of the lack of probability without operational subsidies to create affordable housing for those ‘most in need’ CMHC keeps funding seed money even though the project is a distant possibility”
- “If there could be more seed funding from CMHC to dig deeper into some issues pertaining to the project, it could allow non-profits to be more informed of what the project would cost and what the impact would be on the community. Some Non-Profits do not have the ability to spend any extra money as they are small, and have no ability to fundraise or have private donations like larger societies may have access to”
- “I would like the opportunity to have more options on allowable items to use the funding for. The current system does not easily allow for ‘out of the box’ projects which is just about all that can be done these days in BC at least”
- “We would prefer that there be more flexibility as to what the funds can be utilized for once it is committed/approved”

V. Effectiveness/Success

The effectiveness/success of the Seed Funding program is measured through the following evaluation question:

*How well is this program achieving its intended outcomes and goals?*

**Indicators include:** Evidence from CMHC on how many projects have led to successful developments, how many units the Seed Funding program is responsible for, Affordable Housing Centre priorities and activities, and program satisfaction.

**Methods used:** Data collected from personal communication with the Affordable Housing Centre manager, Affordable Housing Centre (website and documents), and survey results.

Results:

The CMHC Seed Funding for Housing Development program is effective and successful in that it fulfills most of its goals in measurable ways, and there is a high user-rated satisfaction level with this program. However, it is important to outline that it has failed to entice a significant amount of private partnerships in affordable housing endeavors, which is an important goal of the Affordable Housing Centre.

First a refresher on the ‘goals’ attributed to the Seed Funding program from CMHC materials:

- 1. To facilitate the production of affordable housing through partnerships.
- 2. To build the capacity of affordable housing developers by providing resources, knowledge and contacts.
- 3. To finance the early stages of developing an affordable housing project.

The Seed Funding program achieves those goals in the following ways:

**Goal number 1** - Since 2007, the CMHC Seed Funding Program has helped create over 9,370 affordable housing units across Canada “by providing funding to support activities carried out in the early stages of developing affordable housing project proposals.” (Personal Communication, July 30, 2012).

While non-profits may partner with CMHC to produce a project proposal, additional partnerships could be fostered through the proposal development process. For instance connecting non-profits with different types of capacity, or encouraging more public-private

partnerships. When the Affordable Housing Centre was first introduced one of the main goals of the program was to create housing through partnerships, specifically with the intention of increasing the involvement of the private sector in affordable housing (Moskalyk, 2008). In her analysis of the Affordable Housing Centre, Alexandra Moskalyk came to the conclusion that while “The Centre is a good example of the federal government’s willingness to support and encourage the private and public sectors to provide social housing in Canada. However, it has been largely ineffective in establishing a solid foundation for the exploration of alternative financing for low-income housing through PPPs. Projects to date have mainly been initiated by the non-profit sector, with limited private sector participation,” (2008, p. 9).

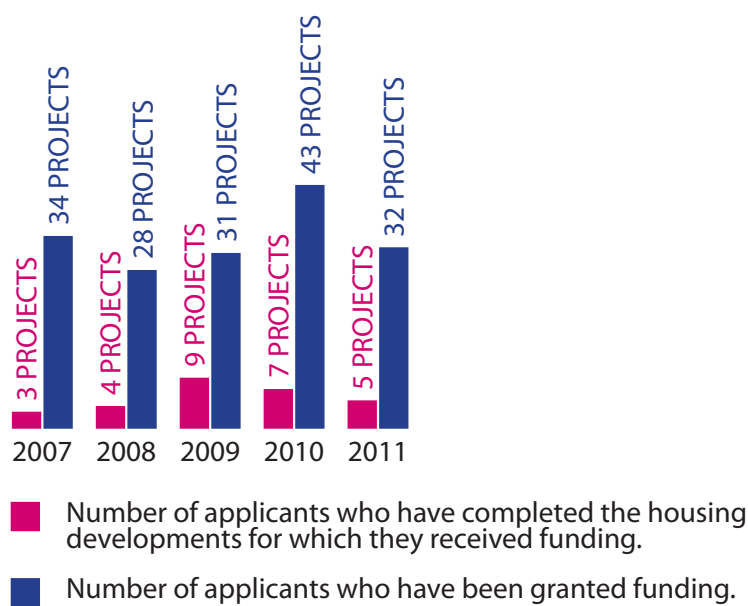
As a part of the Affordable Housing Centre that helps to develop initial development proposals, the Seed Funding program has the opportunity to explore ways of increasing the involvement of the private sector and incorporate findings in future program policy.

**Goal number 2** – This goal is a little harder to measure. Looking at the results from Section IV: efficiency/fairness, clear accounts from non-profits demonstrate the effect the resources and knowledge of CMHC support staff have had on these user-groups. On the other hand, others have never even heard of this program, which limits the ability of this program to build capacity.


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Goal number 3 – CMHC has granted Seed Funding to explore the feasibility of 168 different affordable housing projects in BC in the past five years. During that same time period, a total of 28 projects received financing or were completed (see chart 16).

**Chart 16:** Number of Accepted Applications and Number of Successful Developments for CMHC Seed Funding 2007 – 2011 in British Columbia

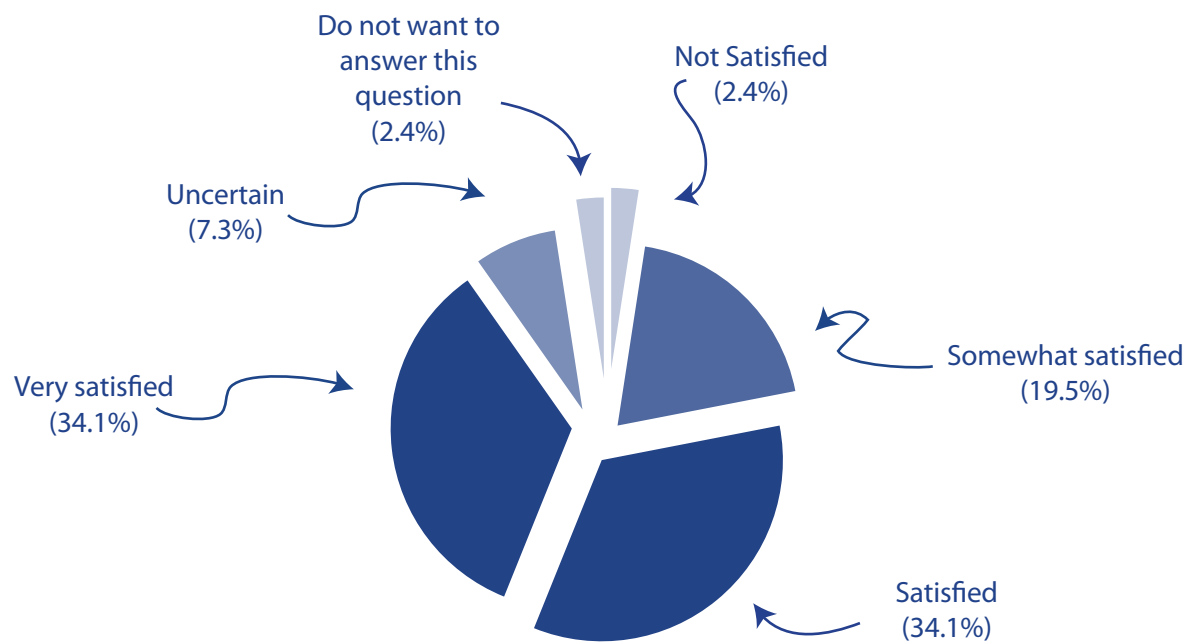


Source: Personal Communication, CMHC Community Development Department, 2012

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In addition, when asked how satisfied they were with the program, the majority of the respondents (87.7%) were at least somewhat satisfied. A total of 34.1% were very satisfied, and 34.1% were satisfied, which also suggests that this program is effective and successful, see figure 22. Looking at the size of non-profits responding to this question, very small organizations (1 – 50) were only somewhat satisfied or satisfied with the program. Organizations with over 50 units in their portfolio were much more likely to indicate very satisfied with the program. This may suggest that capacity of an organization may impact an organization’s experience with the Seed Funding program. Further research into this trend may suggest a need to improve methods of developing small organization capacity.


**Chart 17:** Distribution of the Levels of Respondent Satisfaction with CMHC Seed Funding Program



**Table 20:** Distribution of the Levels of Respondent Satisfaction with the CMHC Seed Funding Program

	Count	Percent %
Not s a t i s f i e d	1	2.4%
S o m e w h a t s a t i s f i e d	8	19.5%
S a t i s f i e d	14	34.1%
Very S a t i s f i e d	14	34.1%
Uncertain	3	7.3%
I d o n o t w a n t t o a n s w e r t h i s q u e s t i o n	1	2.4%
total	42	100%



*Broader Impacts: Implications of the CMHC Seed Funding Program and unintended outcomes*

When asked if the Seed Funding program had any unintended outcomes, positive or negative, CMHC indicated that there were none that they know of. There are some interesting themes that have appeared in this analysis that suggest that providing a program with a one-size-fits-all approach to funding activities or amounts does not take into account important differences in geography, the size of organization/ experience level, and types of projects that address housing affordability in new ways.

Additionally, while hard to measure, the impact that the incorporation of new societies has on the distribution of available resources, this has emerged as a concern foe some of the larger well-established groups throughout the process of this research. BCNPHA has seen an increase in membership recently, with small non-profits looking to get into housing provision. These small groups are able to use CMHC Seed Funding to incorporate, and attempt to get a housing project off the ground. Often, over time the long-term viability of small societies is threatened as founding members age or move on. Many larger organizations are then asked to take over these individual projects when these small societies collapse. By funding incorporation, it is possible that an unintended outcome of this program is an increasing number of low-capacity, small non-profits. One non-profit put it this way, “more effort should be made to link new visionaries with well-established and reliable housing providers,” (personal communication). This is a broader impact that needs further investigation from within either BCNPHA, or CMHC where researchers have access to information that as an outside researcher, this author does not have.



## 5 Conclusion and Recommendations

The overall finding of this evaluation of the CMHC Seed Funding program is that the program is relevant and consistent, appropriate, efficient and fair, and effective and successful. There are, however, several recommendations the author would like to make as a result of the qualitative and quantitative results collected, in order to improve this program for its intended users, specifically non-profits and community groups providing affordable housing.

**Recommendation 1:** Increase efforts at creating awareness of this funding opportunity, especially among intended users that are underrepresented among applicant types. For example, efforts in First Nations communities could be increased.

**Recommendation 2:** Create different tracks for different types of applicants. For instance, a track for first-time applicants, or groups with limited experience providing affordable housing. This track might provide more guidelines, but also focus on building capacity, or partnering with more established groups. There could be a track for affordable housing developers in small towns that need extra support (money or staff) to produce meaningful reports with limited statistics and localized reports.

**Recommendation 3:** Introduce more flexibility into planned activities. For example, housing studies should not be required if the project is identified as financially unfeasible as this seems to be waste of CMHC funds, and organization time.

**Recommendation 4:** Assess current funding levels. \$10,000 in 2003 is almost \$12,000 in 2012 and \$20,00 is a bit under \$24,000. Additionally, user experience producing a meaningful feasibility study suggests that professional services cost quite a bit more than what is currently allowed. An internal evaluation of the Seed Funding program might include understanding what current feasibility analyses are costing non-profits. Additionally, there may be a factor of regional differences that needs to be incorporated into the funding levels. Costs in BC for services may be higher than in Alberta or Ontario.

**Recommendation 5:** Research solutions around certain misconceptions or misunderstandings about the Seed Funding program (see list of user program delivery and implementation suggestions on page 68).

**Recommendation 6:** Implement Alexandra Moskalyk's first three policy recommendations (2008):

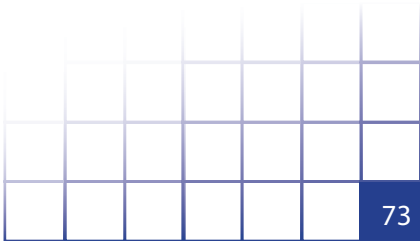
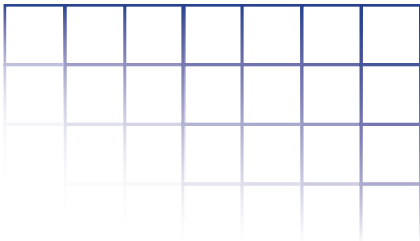
1. Negotiate an agreement between the federal and

provincial governments to create new, permanent programs that work to support the production of social housing through Public (including Non-Profit)-Private Partnerships. Note: in the case of the Seed Funding Program, this could be a particular funding stream or track of the program dedicated to public-private partnerships.

2. Partner more consistently with the private sector.
3. Encourage the federal government to review and improve the mandate of the Affordable Housing Centre, and use it as a tool for the development of more effective Public (including non-profits using public subsidies)-Private Partnership procedural training programs.

The Seed Funding program has the ability to encourage and link partnerships with the private sector, which may help the chronic funding/financing struggles non-profits face as they work to provide affordable housing to those in need.

In Canada, the private market has not effectively provided sufficient housing options, and in the context of devolving government responsibility for social housing, it is local communities and not-for-profits that are stepping forward to respond to this need (Moskalyk, 2008). As part of the Affordable Housing Centre aimed at encouraging affordable housing development through partnerships, Canada Mortgage and Housing Corporation (CMHC) provides a progressive Seed Funding for Housing Development program. A review of this program using input from user groups (primarily non-profits) has concluded that the program is relevant and consistent, appropriate, efficient and fair, and effective and successful. That being said, the user groups were also able to provide valuable insight into program limitations, which allowed




the author to construct a list of recommendations and options for CMHC to improve this program to better serve its intended users. In conclusion, the following research challenges and limitations, as well as opportunities for further research, must be noted:

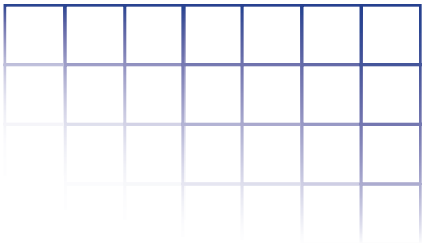
- It is difficult to *measure* the impact of the program: one of the key limits of this study is not being able to link total number of applications to number of applicants accepted and to those successful in receiving financing/completing their development. Due to the long-term nature of a developing a housing project and a limited access to raw CMHC data, linking these phases of the Seed Funding process just was not possible.
- Non-sampling errors/invalidity, for instance the level of comprehension of survey questions and errors in self-reporting, could have occurred. The survey was pre-tested beforehand in order to root out any question-design failings, however, non-sampling errors are still a possibility.
- As mentioned earlier, the small number of survey participants affects the ability to draw accurate statistical conclusions about the results. However, some conclusions can still be drawn, keeping the high confidence interval in mind.
- Some findings are based on qualitative evidence only; therefore the extent to which these finding can be validated is limited within the scope of this evaluation. Further evaluations may lead to the validation of qualitative results at a later point.

*Further Research:*

Due to the time limits and scope of this research, only 69 respondents were engaged, and only six interviews were conducted. Further research could refine and add to the depth and accuracy of these results.

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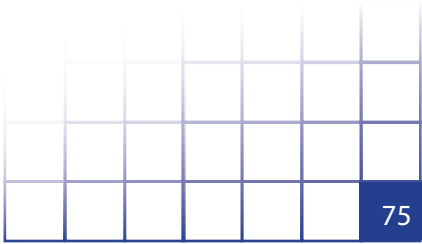
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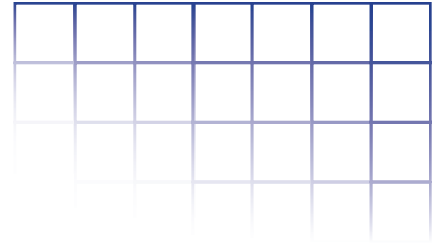
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## Interviews:

### **Organizations -**

M'akola Group of Societies, June 2012  
Pacifica Housing, February 2012  
Society of Saint Vincent de Paul of Vancouver Island,  
June 2012  
BC Housing, Development Services Department,  
September, 2012

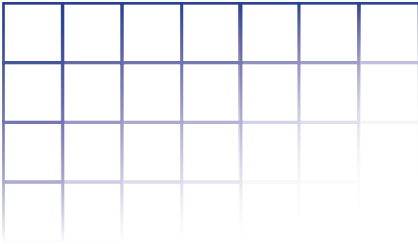
### **Individuals-**

Alan Campbell, Casita Consulting Ltd., July 2012  
Sylvie Rancour, Manager: Affordable Housing, Community Development Department, Canada Mortgage and  
Housing Company

## Surveys:

The following is a list of organizations that were surveyed for this project that permitted their names to be included in this report -

M'akola Housing Society  
Society of St. Vincent de Paul of Vancouver Island  
Casita Consulting Ltd.  
St. Vincent de Paul Society of Vancouver Island  
Pacifica Housing Advisory Association  
The Gables Housing Society  
Lookout Emergency Aid Society  
Society of Hope  
PG Metis Housing Society  
Dawson Creek Society for Community Living  
Affordable Housing Societies  
The Fair Haven United Church Homes  
Burquitlam Senior Housing Society  
OCPCS Columbus Court  
Delta Community Living Society  
Parkdale Place Housing Society  
Nanaimo Affordable Housing Society  
Smithers Community Services Association  
The Christopher Housing Society  
Victoria Cool Aid Society  
Tikva Housing Society  
Oceanside Hospice Society  
Life Cycle Housing  
Nelson & District Housing Society  
Haven society: Promoting the Safety of Women, Children, Youth and Families



The John Howard Society of the LM of BC  
PAL Vancouver  
Lower Similkameen Community Services Society  
Peachland United Church  
New View Society  
Kindale Developmental Association  
Columbian Centre Society  
Hope & Area Transition Society  
Lutheran Manor Society of Vancouver, B.C.  
Action Line Housing Society  
Mole Hill Community Housing Society  
Pioneer Place Society  
Turning Point Recovery Society  
The Elizabeth Fry Society Of Greater Vancouver  
Prince George ANtive Friendship Centre  
Greater Victoria Housing Society  
South Fraser community Services Society  
Powell River Sunset Homes Society  
Catholic Charities Men’s Hostel  
Campbell River and North Island Transition Society  
Chimo Crisis Services  
Oliver Kiwanis Senior Citizens Housing Society  
Cranbrook Society for Community Living  
Creative Centre Society for Mental Wellness  
Kiwanis North Vancouver Senior Homes  
Cloverdale Senior Citizens Housing Society  
SCSA

# Appendix A

BCNPHA 'web blast'



## News from BC Non-Profit Housing Association (BCNPHA) - June 29, 2012

## Quick Links

The work of the **BC Non-Profit Housing Association** is to lead and support its members through services, educational opportunities, and advocacy.

[Join Our Mailing List!](#)

### Upcoming BC Non-Profit Housing Association Events

#### 2012 BCNPHA Sessions

#### Efficient Lighting and Other Equipment Upgrades Webinar

-Hosted in partnership with BC Hydro: July 17, 2012

#### SkillsPlus Maintenance Training-

In Partnership with BC Housing. Still seats available for [July 10 plumbing](#) and [July 11 janitorial](#)! Free training for provincially funded non-profits.

### Mark Your Calendars!

**Strong Voice, Strong Sector - Celebrating 20 Years of Leadership, Support, and Advocacy for the Non-Profit Housing Sector in BC**

#### Dear Grant,

Please forward this to your colleagues in the non-profit housing sector, so they can stay informed about new initiatives, [current events](#), [funding opportunities](#), [EOIs](#) and [RFPs](#)... and much more!

### Section 26 or Section 27 Mortgages - Reviewing Your Options

BCNPHA received several enquiries from members regarding the viability and potential of early payout of their Section 26 or Section 27 mortgages, originally provided by CMHC and now administered by BC Housing. We have worked with BC Housing over the last year to gain clarity on these mortgages and payout potential, and it has become clear that there is no flexibility on the terms of Section 26 or Section 27 mortgages.

If you have a Section 26 or Section 27 mortgage, you may find the [attached information](#) helpful in determining your options on mortgage payout. Please do not hesitate to contact BCNPHA if you need further assistance with this, or any other, issue.

### BCNPHA Nominated for BC Hydro Power Smart Excellence Awards

BCNPHA is a finalist for **The Conservation Partner Award**. The award recognizes community organizations and industry associations that have partnered with BC Hydro to promote energy conservation in communities across British Columbia and have been instrumental in taking the Power Smart message to new heights. Click [here](#) for more details. The 2012 Power Smart Excellence Awards take place on October 18, 2012 at the Vancouver Convention Centre.

### CMHC Seed Funding Survey

Kaela Schramm, a Master of Urban Planning Candidate (2012) at the School of Urban Planning, McGill University, is doing research on CMHC's Seed Funding for Housing Development as part of her master's degree. This research is for a supervised research project under the direction of Professor Raphael Fischler. She is asking questions in an online survey regarding how well program is working for users of CMHC's Seed Funding program. There will also be a few questions about the background of your organization, although no direct identifying information will be used in the final report unless you give permission. If you or your organization has not used the CMHC Seed Funding for Housing Development program, please still fill out this survey, as there are questions geared towards potential

launched its very first conference in 1993. Twenty years later the conference has grown to a three-day event, showcasing over sixty capacity building opportunities, and over seven hundred delegates.

BCNPHA's 20th Annual Conference and Tradeshow will be a special event to celebrate this landmark anniversary. The Conference will be held at the Sheraton Vancouver Airport Hotel, located in the heart of Richmond, at 7551 Westminister Highway, from **November 19-21, 2012.**

Conference registration will be available online, starting September 7, 2012. We hope to see you there!

The link below will take you directly to the survey; the first page will go through the statement of informed consent to participate in research, which will ensure the confidentiality of the information you provide. This survey should not take longer than 15 minutes.

<http://edu.surveymoz.com/s3/959553/BCNPHA-Test-1>

Your responses should help improve the CMHC Seed Funding program, provide insight and guidance for other affordable housing developers and allow you to reflect on your experience with the CMHC Seed Funding program.

Thank you for your time and help with this research. Please contact [kaela.schramm@gmail.com](mailto:kaela.schramm@gmail.com) or [colleen.schramm@mail.mcgill.ca](mailto:colleen.schramm@mail.mcgill.ca) if you have any questions or concerns relating to this project or to your participation in it.

# Appendix B

## CMHC Seed Funding Program Survey Questions



Survey questions:

1. What is your organization, or group name? (**open response**)
2. What type of organization/group are you? Check only one, please.
  - a not-for-profit organization**
  - a housing cooperative**
  - a first nation**
  - a private entrepreneur**
  - or a group of individuals who may or may not intend to become incorporated**
3. In what year did this organization/group form? (**open response**)
4. How many housing units has your organization developed?
  - Zero**
  - 1 - 10 Units**
  - 11 - 50**
  - 51 - 250 Units**
  - 251-500**
  - 501 - 1500 Units**
  - 1501 + Units**
5. Have you or your organization/group applied for CMHC Seed Funding for Housing Development before? (please answer yes if you are currently in the process of applying) (**yes/no**)

If you answered yes, skip to #7

6. If you answered "no" to question #5, Why did you not apply for CMHC Seed Funding?
  - Application process was too demanding or difficult**
  - Already had start up money to fund a feasibility analysis**
  - Did not know about this funding opportunity**
  - Other: \_\_\_\_\_ fill in your answer**
7. How would you rate the CMHC Seed Funding for Housing Development Application process?
  - Easy**
  - Somewhat difficult**
  - Difficult**
8. How many times have you or your organization/group applied for CMHC Seed Funding for Housing Development?
  - One time**

**Two times**  
**Three times**  
**Four times**  
**Five times or more**

9. Have you or your organization/group been denied CMHC Seed Funding for Housing Development?

**Yes**

**No**

**Don't know; first application is under review**

**I do not want to answer this question**

If you answered No, not yet, or do not want to answer please skip to #11

10. If you answer "yes" to question #9, please explain why you believe that you or your organization/group were denied CMHC Seed Funding for Housing Development. (if you do not know why you did not get approved for funding, please state that in the box below)

**(open response)**

11. How many times have you or your organization/group successfully used CMHC Seed Funding for Housing Development to realise an affordable housing project?

**Zero**

**One**

**Two**

**Three**

**Four**

**Five +**

If you answered one or more, please skip to #13

12. If you answered "zero" to question #11, please explain why you believe you or your organization/group did not successfully complete an affordable housing project using the CMHC Seed Funding for Housing Development

**(open response)**

13. Thinking of you or your organization/group's most recent development, what eligible activities did you use the funding for? *Please fill this out even if you are in the process of using the money and are not yet finished, but have signed an agreement with CMHC with enumerated eligible activities upon being granted this funding.* Check the box next to all that apply:

**Housing market studies to evaluate need and demand for the proposed project**  
**Development of a business plan**

**Exploration of funding sources or options**  
**Evaluation of procurement options**  
**Preliminary financial viability analysis**  
**Environmental site assessment**  
**Preliminary design of the housing project (new construction, renovation or conversion)**  
**Incorporation of a not-for-profit organization**

14. Were the funds used as originally proposed in the contract with CMHC?

**Yes**

**No**

**Do not know, still in the process of using funds**

15. If you answered no to the question above, please explain how you used these funds differently.

16. Do you or your organization/group feel that these eligible activities align with your priorities in regards to developing affordable housing?

**Yes**

**No**

**Uncertain**

**I do not want to answer**

17. Please explain your answer in the comment box below (e.g., if your answer is no, what were your priorities)

18. Did you feel the money from this program effectively met you or your organization/group's needs?

**Yes**

**No**

**Uncertain**

**I do not want to answer this question**

19. Please explain your answer in the comment box below (e.g., are there other activities you would have liked to spend this money on)

20. How would you rate the help/guidance provided by CMHC to you or your organization/group?

**Unhelpful**

**Somewhat helpful**

**Helpful**

**Very helpful**

**Uncertain**

**Do not want to answer this question**

21. How satisfied were/are you with the Seed Funding program?

**Not satisfied**

**Somewhat satisfied**

**Satisfied**

**Very Satisfied**

**Uncertain**

**I do not want to answer this question**

22. Please elaborate on why you chose your answer in the comment box below

23. Would you use, or apply to, the CMHC Seed Funding for Housing Development program again?

**Yes**

**No**

**Uncertain**

**I do not want to answer this question**

24. Is there anything that you wish to add about your experience with this funding program? (**open response**)

# Appendix C

## Interview Guide

## Interview Guide:

I want to thank you for taking the time to interview with me today.

My name is Kaela Schram and I would like to talk to you about your experiences using the CMHC Seed Funding program. Specifically, I am looking to assess the program effectiveness in order to improve the program in the future.

The interview should take less than an hour and I will be taping the session because I don't want to miss any of your comments. All responses will be kept confidential. This means that your interview responses will only be shared with my research advisor and I will make that any information that is included in the final report does not identify you as the respondent, unless you gave me permission on the informed consent form. You don't have to talk about anything you don't want to and you can end the interview at any time.

Let's begin:

### Organizational/Group Background Information:

1. To start, I'd like to know more about your organization. Please describe your organization for me in your own words.
2. Is the organization a part of any associations?
3. Why did you incorporate? (prompt: did you incorporate because that is an eligible activity as part of the Seed Funding program?)

### Housing Development Process:

4. Please describe for me the typical process that you go through to develop housing:
5. What funding sources do you/have you used?

### In regards to CMHC Seed Funding Program:

6. How did you find out about it?
7. Why did you decide to apply?
8. Please describe how you completed the application. (Prompt: For instance, who completed it? Who reviewed it? Did someone from CMHC encourage you



- to apply for funding? Did you contact someone from CMHC prior to applying for the Seed Funding?)
9. What sort of guidance or support was available to you? (Prompt: from CMHC or other sources)
  10. Is there capacity in your community to develop affordable housing projects? (prompt: how does CMHC fit into this?)
  11. What were your goals/priorities with this funding? (prompt: did CMHC align with these goals?)
  12. Did you complete the housing project(s) you received CMHC funding for? (Prompt: Why or why not?)
  13. Do you still own and operate this project? (prompt: How is it functioning?)
  14. Is there anything about the overall process or approach that you would change (to better serve you, or affordable housing developers in general)?

#### Questions for CMHC:

1. When did this program begin?
2. Why was this program established?
3. What are the stated goals of this program? (Prompt: intended outcomes)
4. As a federal program, how does this program try to align itself with federal policies? Which policies?
5. How often are the goals of this program reassessed?
6. Is there an internal review process that CMHC uses to assess program successes and weaknesses?
7. Does this program follow-up with its applicants? (Prompt: to see if projects are actually realized)?
8. Does this factor into an applicant's subsequent funding request (Prompt: for example, for another project)?

9. Do you consider this program to be successful?
10. On the basis of what measures?
11. Are there any unintended outcomes that CMHC is aware of? (Prompt: positive or negative)

Questions for BC Housing:

1. Do a lot of the non-profits you work with use Seed Funding prior to trying to secure funding/financing from BC Housing? Do those that have used Seed Funding have better business plans/feasibility/development applications/proposal packages?

2. Besides federal funding agreements what sorts of links or connections are there between CMHC and BC Housing? Do you think these links could be strengthened?

Prompt: Inefficiencies/delays when non-profits have to re-format work they have done for CMHC when sending material into BC Housing

3. Do you find the seed funding program a useful program?

4. Is there anything that you would improve about Seed Funding?

I want to thank you for participating in this research.

# Appendix D

McGill University Research Ethics Board-I Approval

**Research Ethics Board Office**  
James Administration Bldg, room 429  
845 Sherbrooke St West  
Montreal, QC H3A 0G4

Tel: (514) 398-6831  
Fax: (514) 398-4644  
Ethics website: [www.mcgill.ca/research/researchers/compliance/human/](http://www.mcgill.ca/research/researchers/compliance/human/)

**Research Ethics Board I**  
**Certificate of Ethical Acceptability of Research Involving Humans**

**REB File #:** 435-0612

**Project Title:** An Evaluation of the CMHC Seed Funding for Housing Development Program: Examining the Effects of this Program on Affordable Housing Development and Not-for-Profit Affordable Housing Developers in the Context of British Columbia

**Principal Investigator:** Colleen Schramm

**Department:** School of Urban Planning

**Student Status:** Master's Student

**Supervisor:** Prof. R. Fischler

This project was reviewed by delegated review.



Rex Brynen, Ph.D.  
Delegated Reviewer, REB I

**Approval Period:** \_\_27 June 2012\_\_\_\_ to \_\_26 June 2013\_\_\_\_

This project was reviewed and approved in accordance with the requirements of the McGill University Policy on the Ethical Conduct of Research Involving Human Subjects and with the Tri-Council Policy Statement: Ethical Conduct for Research Involving Humans.

- 
- \* All research involving human participants requires review on an annual basis. A Request for Renewal form should be submitted 2-3 weeks before the above expiry date.
  - \* When a project has been completed or terminated a Study Closure form must be submitted.
  - \* Should any modification or other unanticipated development occur before the next required review, the REB must be informed and any modification can't be initiated until approval is received.