



Affaires indiennes  
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Indian and Northern  
Affairs Canada

via e-mail

**Guidelines for the Development  
of  
First Nations Housing Proposals**

July, 1996

via e-mail

## **Guidelines for the Development of First Nations Housing Proposals**

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## **Guidelines for the Development of First Nations Housing Proposals**

### **1) Introduction**

Decent housing is a prerequisite for healthy and productive communities. Inadequate housing poses health and safety risks, creates an unhealthy growing environment for children and is linked to several health and social problems. The Department of Indian Affairs (DIAND) and the Canada Mortgage and Housing Corporation (CMHC) are committed to working with First Nations to develop new, innovative, community-based approaches to housing that will bring about overall and sustainable improvements in on-reserve housing conditions.

This booklet is intended to be a practical guide for First Nations who want to develop their own community-based housing programs.

This new approach is the result of extensive consultations with First Nations, as well as experiences gained through the housing innovation initiatives begun in 1995. The approach is based on the principles of:

- community control and decision-making;
- capacity development/self-sufficiency;
- shared responsibility; and
- improving access to investment.

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### **2) Features of the new program**

Under the new on-reserve housing program, First Nations develop their own housing policies and programs designed to respond to local needs and opportunities. Based on these policies and programs First Nations establish multi-year housing plans that set out specific tasks and identify the resources needed to carry out the work. Multi-year housing plans allow First Nations communities to:

- protect and extend the life of existing houses and ensure housing meets minimum national standards, through maintenance, insurance and renovation programs;
- construct quality, affordable new housing, designed to respond to the variety of housing needs within the community;
- support individual pride and responsibility through community involvement, home ownership incentives and private market investment; and
- link housing activities to training, job creation and business development.

This new approach to on-reserve housing is being introduced on a voluntary, community-by-community basis. First Nations who are not ready or choose not to participate will continue to operate under the provisions of the old housing program.

First Nations who adopt this approach to housing benefit from the increased community involvement and program flexibility, long-term planning and access to additional one-time funding.

First Nations operating under this program are no longer restricted by DIAND's capital housing subsidies. Instead, DIAND housing funds will now be available to support the First Nation's multi-year housing plan and a broader range of housing activities.

### **Other changes affecting on-reserve housing**

Programs operated by CMHC are also being modified. For example, CMHC's Non-Profit Rental Housing Program (Section 95) will be enhanced to provide full subsidies to cover the difference between project costs and project revenues. CMHC is offering its Direct Lending to all existing Section 95 projects to help reduce loan costs. As well, CMHC training programs and expertise will be used to provide greater support to First Nation organizations wanting to enhance their housing expertise.

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### **3) Development of a community-based housing program**

Developing a local housing program requires that a community establish a set of housing policies, programs and a multi-year plan detailing what work is to be undertaken, how much it will cost and how it will be funded.

**Housing Policies** Under the program First Nation communities develop local housing policies and programs which provide specifics on such issues as:

- the type of housing assistance/programs available and the basic requirements of each program;
- how individuals apply for assistance;
- how decisions are made and assistance allocated;
- how programs are managed and the role and responsibilities of the First Nations government (the Chief and Council), its housing authority and the individual household;
- how the First Nations government will consult and report to the community; and
- mechanisms by which individuals can appeal the actions/decisions of the Chief and Council or its housing authority.

**Housing Programs** The First Nation government may choose to offer a number of housing programs designed to respond to a variety of housing requirements within the community. Programs could include community-owned co-operative or rental housing and special purpose units, as well as different home ownership incentives such as lease-to-purchase, assisted home ownership, self-build, and direct loan programs. The level of First Nations involvement and assistance would normally vary with the type of program. For example, the First Nation would have prime responsibility for the construction, maintenance and insurance of community-owned housing (i.e. rental and special purpose units) whereas home owners would be largely responsible for their own homes. Homeowners would be required to adhere to any overall standards established by the First Nation. The level of assistance available to home owners may be much less than for renters, however, the home owners would usually enjoy extra benefits such as greater control over the size and quality of their home and the ability to build equity in the home. In reserve communities where it would be difficult for homeowners to sell their house the First Nation may establish a "buy-back " program where they would purchase the house. Such a program would enable homeowners to get a reasonable return on the investment they have made in the house while allowing the First Nation to assist other households in the community.

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**Multi-Year Housing Plans** Central to this process is the development and updating of multi-year housing plans. The housing plan allows the community to set out measurable goals and assess progress in improving housing conditions. The housing plan will normally identify work planned for a five year period. Less detailed ten year projections could also be developed. The plans have three components.

The first component, the work plan, defines the various tasks to be undertaken each year, including:

- maintaining and insuring existing houses to ensure essential repairs and routine work is completed, protecting the house and preventing premature deterioration;
- renovating substandard units;
- building new houses or expanding existing homes to reduce overcrowding and meet the needs of new families; and
- management of the community housing program (portfolio management).

The second component is a resource plan. This component provides details of all expenses to be incurred in undertaking the various tasks included each year of the work plan. The resource plan also identifies the source of revenue/resources sufficient to cover the planned expenses.

Adjustments to the first two components would be required until the work plan and resource plan match up. These adjustments might involve:

- reducing the work planned, thus reducing the resource requirements;
- identifying more cost effective methods thus reducing the resource requirements; and/or
- identifying new resources.

All potential resources need to be considered. For example, in addition to federal housing funds, other resources could include band funds, local timber, sand or gravel, and labour; or from individuals through rental and home ownership programs, private loan financing and other federal, provincial; or other public programs.

The third component links housing activities with training, job creation and business development initiatives. The development of the first two components enables First Nations to link planned housing activities with training and job creation initiatives and in so doing identify other resources that can be used to undertake or provide indirect support needed in carrying out the housing activities.

Knowing what skills are needed in implementing the housing plans over the next five to ten years enables the community to match these skill requirements with training plans.

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With training plans more clearly defined, First Nations will be better equipped to seek the support of programs available through Human Resources Development Canada (HRDC), DIAND and CMHC as well as public and private training facilities. The linkage with training plans also provides community members with the opportunity to gain the skills that will allow them to take advantage of the jobs needed to carry out the community's housing plan.

The process encourages sharing of limited resources to build houses and improve job opportunities for community members. An example of how these programs can be used to support one another would be to coordinate housing, training and social assistance through work opportunity programs. This would provide social assistance recipients the opportunity to gain valuable training and job skills, as well as work experience. Further, the income would be earned by someone in the community helping it become more self-sufficient.

The multi-year plan can also be used to support market projections in developing business plans.

**Support for the Development of Community-Based Housing** - DIAND and CMHC, in conjunction with First Nations organizations, will organize workshops, provide information and advice to help First Nations communities in the development and operation of their community-based housing programs. Information will be provided on all aspects of housing from the development of local policies and programs to resource planning, property management, tenant counselling and innovative technologies. For the most part, this information will be drawn from work already done in First Nations communities supplemented by other best practices and innovations generally.

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### **4) Requirements of the First Nation's Housing Proposal**

To participate in the new housing program, First Nations develop and submit a proposal to DIAND for approval, outlining how they propose to introduce the main components of their housing program and the expected results.

**Assessment Criteria** Proposals provide information detailing the First Nation's local policies and programs, supported by a multi-year plan. In assessing housing proposals, there are certain criteria which are considered as mandatory, while others must be given due consideration to demonstrate the viability of the proposal.

Mandatory criteria include:

- increase in life expectancy of existing houses (*maintenance and insurance regimes*)
- rehabilitation of existing, substandard houses
- reduction in overcrowding (*additions to existing houses & new construction*)
- linkages to job creation, training/skills development and economic and business development
- a portfolio management regime (planning and implementation of renovation and construction plans, administration of the existing band/community owned houses and management of the local housing program)
- a resource plan

Secondary assessment criteria include:

- resource leveraging (*including ability to handle increased debt loads*)
- innovation and cost efficiency (*includes both technical and financial*)
- linkages to infrastructure (*to ensure new houses have access to basic services such as water and sewer*)



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The acceptance of a housing proposal does not mean approval of programs or funding for programs such as DIAND capital, CMHC Section 95 or RRAP allocations or training funds provided through HRDC. First Nations need to seek specific project approvals for these associated programs, however the community housing program and multi-year housing plans will facilitate the development of material required for these approval processes.

### **a) Increase in the life expectancy of existing houses (*maintenance and insurance*).**

Proposals should outline plans for introducing an appropriate maintenance regime to cover all houses within the reserve. Proposals should state who is responsible for maintenance under different forms of tenure such as individual ownership, rentals, lease to purchase or community owned.

### **b) Rehabilitation of existing, substandard houses.**

First Nations housing proposals should include plans for the renovation/rehabilitation, additions to or replacement of existing, substandard units. The time frame to address the problem should be as short as possible. The early renovation of substandard houses can help minimize operating and maintenance costs, facilitate the introduction of rental, and home owner regimes and slow the deterioration of the substandard houses. Renovation plans should generally eliminate the majority of the renovation requirements over five to seven years, although in cases where there is a very high percentage of substandard units, it could be longer.

The plan contains information on the number of units to be renovated each year, the average unit cost for major and minor renovations, the total estimated cost and the source of funding that will be used to carry out the planned renovations. The average cost figures maybe adjusted from year to year to reflect the introduction of innovative, cost saving measures or techniques with a brief explanation for the adjustment.

### **c) Reduction in overcrowding (*additions to existing houses & new construction*).**

Proposals include plans to meet the various housing needs of new families, single parents, larger families, the elderly, single adults and people with disabilities or special needs. The plans should offer a mix in housing size (number of bedrooms) and design (single family dwellings, duplex, apartments, seniors complex etc.).

The plan contains information on the number and type of housing units to be constructed from year-to-year , the average unit cost for each type of dwelling, the total estimated cost and sources of funding that will be used to carry out the planned activities. The average cost figures maybe adjusted from year to year to reflect the

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introduction of new, innovative techniques or cost saving measures with a brief explanation for the adjustment.

### **d) Linkages to job creation, training and economic development.**

Proposals should link the planned housing activity with training and job creation plans. These plans should not just include the normal construction trades, but should consider resource development, manufacturing, retail, finance and administration functions associated with the delivery and management of the housing portfolio.

The proposal describes any plans to increase business opportunities within the community through the use of local resources or labour, preferential treatment for local businesses or those outside businesses who will hire local labour.

The use of Social Assistance transfers or Work Opportunities Programs (WOP) should be looked at as a method of providing training opportunities with the potential for full or part time employment, as well as a method of reducing the cost of housing.

### **e) Management of the Local Housing Programs (Portfolio Management).**

Under this approach to housing, First Nations are more involved in the design and management of housing programs offered within the reserve community.

The proposal describes how the First Nation plans to manage and administer its housing programs and the stock of band/community owned houses. There are a number ways the First Nation may decide to organize the management of its housing programs. For example, the Chief and Council may manage the program directly; placing one of the council in charge of the portfolio. An second alternative, used by some First Nations, is to establish a housing authority. The housing authority would manage the day to day operations and make recommendations to the Chief and Council on changes in policies or programs and housing plans which it has developed.

The management regime describes the accountability mechanisms of the First Nation leadership to its members and to the government. Local policies, programs and procedures must be transparent and contain redress mechanisms. Where local policies do not exist, the proposal must include provision for the development of these policies within a set period of time.

### **f) Resource plan.**

As a guideline in developing their housing proposal First Nations could plan for additional resources, on a one time basis, equal to between 50 and 100 percent of

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their current housing and lot servicing portion of their minor capital budget, or the equivalent of an additional 10 percent per year over a five to ten year period. This would be available in any one year or spread over up several years as indicated in their multi-year housing plan.

The resource plan covers all housing-related activities as detailed in the proposal. The plan identifies all expenditures including maintenance and insurance, renovations, new construction, debt charges, training, management and administrative expenses. The plan also identifies all sources of funds necessary to carry out these activities such as INAC housing and other minor capital, social assistance (Work Opportunity Programs and shelter allowances), CMHC Section 95 subsidies, RRAP, training funds (DIAND, CMHC and funds available through Aboriginal Management Boards funded by Human Resources Development Canada), accommodation charges from individuals, First Nation contributions, sweat equity and long term debt. The resource plan should clearly link with the specific information on each of the housing activities (maintenance, insurance, administration, renovations and new construction) contained in the narrative portion of the proposal.

The plan covers all of the housing stock within the First Nation's inventory including the existing as well as new stock.

Where a community-wide shelter charge regime is put into place, shelter allowances may be paid to eligible households to cover such charges (rents or ownership costs) consistent with provincial social assistance programs.

Except for the additional funding which would be made available from the department, on a one time basis, First Nations housing proposals must be cost neutral. Shelter charges for social assistance dependent households that result in an increased demand on social assistance funding will be offset from other DIAND funds. In most instances this will be from the First Nation's housing capital budget. It is important to note that while this may lower the capital funds available to carry out renovation and new construction it provides funds needed for essential maintenance and protection of the existing stock. The result is as much or more funding to support a broader variety of essential housing activities.

### **g) Resource leveraging (*including ability to handle increased debt loads*).**

Given the limits on federal, community and individual resources, it may be necessary for First Nations to leverage private sector resources to better meet their housing needs. This may mean, in many cases, an increased use of debt financing. As it is off-reserve, debt financing can provide a useful tool for First Nations and prospective home owners on reserve in undertaking new construction and renovation work.

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While access to private capital is limited, efforts such as the National Aboriginal Financing Task Force, are underway to find ways to improve this situation. Some First Nations are also working in conjunction with individual financial institutions in developing initiatives that do not require the use of a guarantee. In the meantime, however, First Nations and individuals have access to housing loans using Ministerial Loan Guarantees. To meet this increased use of debt, the department will be seeking appropriate increases to its loan guarantee authority.

In developing a housing plan which involves the use of debt financing, the First Nation will need to ensure there are sufficient future revenues to cover loan repayment costs as well as on-going maintenance, insurance, administration and renovation and construction equity. If loan repayment costs are not properly managed, the ability of the First Nation to respond to new construction and other housing needs could over time be severely restricted.

### **h) Innovation and Cost Efficiency (*includes both technical and financial*).**

Many First Nations are looking at innovative building techniques using local resources such as timber, straw for use in pressboard or sand and gravel to tie in with business development. Others are looking at materials (steel or plastics) which may have a higher construction cost but will extend the life of the building and are low maintenance thus reducing annual O&M costs. In areas where soil conditions can cause damage through shifting, "monocoque" framing or space frame foundations are being used.

First Nations should, in developing their housing programs, consider alternative techniques and options that would allow them to take greater advantage of local resources or more cost effectively respond to a particular situation. The First Nation's housing proposal should briefly describe efforts which the community has already undertaken or plans to explore as part of its housing program to develop and introduce innovative or cost saving methods or technology. This should tie with its cost and resource information.

In addition, savings can be realized through bulk purchasing (at the community, tribal/district council or regional level), bulk tendering for supplies, blanket insurance policies, loan financing etc could help lower costs substantially.

### **l) Linkages to infrastructure.**

Housing plans should be linked to the community's infrastructure servicing plans such as water, sewer, roads or sub-division development. New housing should be planned to ensure services are available except in exceptional circumstances.

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Where services are not immediately available, First Nations may focus on the renovation and rehabilitation of the existing housing stock until the services can be put into place.

### **5) Development and Approval of First Nations Housing Proposals**

(see Appendix A for the housing proposal format)

In most instance the development of a complete housing proposal is a two stage process. The basic format is the same in both cases but the final proposals will provide a greater level of detail.

The first stage is the development of an initial housing proposal which provides a basic outline of the various elements described earlier in this guide and laid out in the basic format. Once the basic concepts are agreed on by the First Nations and DIAND, the First Nation develops a final proposal provides more detailed information on the various aspects of their housing program.

Final proposals are reviewed and assessed by DIAND.

Once the First Nation's housing proposal is accepted it becomes the basis for future funding arrangements between DIAND and the First Nation in relation to housing. Where funds are required to be transferred to cover increases in expected shelter allowance costs these will, as required, be reflected in the funding arrangement.

As noted earlier, funding commitments from other federal programs such as DIAND major capital, CMHC, and HRDC for activities which have been incorporated into the First Nation's housing proposal are subject to separate funding processes as administered by those federal programs.

### **6) Reporting and Follow-up**

First Nations which adopt this approach, will provide annual progress reports providing basic information on policies and program changes and updates on their multi-year housing plans. These reports are provided as part of normal reporting process.

## **More Information**

First Nations wishing to participate in this new program or want more information on the development of housing proposals should contact their regional or district DIAND office.