



Aboriginal Affairs and  
Northern Development Canada

Affaires autochtones et  
Développement du Nord Canada

## ***Final Report***

# ***Evaluation of Shelter Allowance as it Relates to On-Reserve Housing***

***Project Number: 1570-7/07068***

June 2010  
revised August 2011

Evaluation, Performance Measurement,  
and Review Branch  
Audit and Evaluation Sector

# Table of Contents

---

<i>List of Acronyms</i> .....	iii
<i>Executive Summary</i> .....	iv
<i>Management Response and Action Plan</i> .....	ii
<i>1. Introduction</i> .....	1
1.1 Overview .....	1
1.2 Shelter Allowance - Background .....	1
1.3 Shelter Allowance across Canada .....	2
<i>2. Evaluation Methodology</i> .....	5
2.1 Evaluation Scope and Timing .....	5
2.2 Evaluation Issues .....	5
2.3 Evaluation Methodology .....	6
<i>3. Evaluation Findings - Impact</i> .....	10
3.1 Scope of Inquiry .....	10
3.2 Achieving the objectives of Shelter Allowance on reserve .....	10
3.3 Conclusions .....	11
<i>4. Evaluation Findings – Program Input</i> .....	12
4.1 Scope of Inquiry .....	12
4.2 Effectively meeting the needs of recipients of Shelter Allowance .....	12
4.3 Supporting reinvestment in the overall housing stock .....	13
4.4 Additional sources to support Shelter Allowance .....	13
4.5 Conclusions .....	14
<i>5. Evaluation Findings – Design Delivery</i> .....	15
5.1 Scope of Inquiry .....	15
5.2 Universal rental regimes on reserve .....	15
5.3 Compliance with the provinces and territories .....	16
5.4 Delivery of Shelter Allowance .....	18
5.5 Conclusions .....	19
<i>6. Evaluation Findings – Unintended Impacts</i> .....	20
6.1 Scope of Inquiry .....	20
6.2 Impact on Section 95 housing units .....	20
6.3 Rising costs related to housing .....	20
6.4 Conclusions .....	21
<i>7. Conclusions</i> .....	22
7.1 Conclusions .....	22
<i>Appendix A – Evaluation Matrix</i> .....	24
<i>Appendix B – Evaluation Research Matrix</i> .....	25
<i>Appendix C – Profile of Key Informants</i> .....	29
<i>Appendix D – Profile of Case Studies</i> .....	30

## ***List of Acronyms***

---

<b>AANDC</b>	Aboriginal Affairs and Northern Development Canada
<b>CFA</b>	Comprehensive Funding Agreements
<b>CFNFA</b>	Canada/First Nations Funding Agreement
<b>CMHC</b>	Canada Housing and Mortgage Corporation
<b>DFNFA</b>	DIAND First Nation Funding Arrangements
<b>DIAND</b>	Department of Indian Affairs and Northern Developments
<b>FTP</b>	Flexible Transfer Payments
<b>RMAF</b>	Results-Based Management Accountability Framework

# Executive Summary

---

The following report presents the findings of a neutral, evidenced-based evaluation, undertaken by KPMG on behalf of Aboriginal Affairs and Northern Development Canada (AANDC), of Shelter Allowance as it relates to on-reserve housing. The evaluation looked at the implementation of Shelter Allowance across the country, and the extent to which Shelter Allowance is contributing to the overall on-reserve housing objectives. This evaluation is part of the overall evaluation of AANDC's housing support in Canada's First Nation communities (reserves) to be completed in 2010.

## Background and Description

Shelter Allowance is an eligible expense included under Income Assistance to recipients on reserve. The overall objectives of Income Assistance are to provide support for the basic and special assistance needs of First Nations people on reserve. Basic needs are defined as financial assistance to cover food, clothing and shelter.<sup>1</sup>

Shelter Allowance currently accounts for 18 percent of the existing Income Assistance budget.<sup>2</sup> AANDC provides approximately \$118 million each year to First Nations on reserve in the form of Shelter Allowance payments under the Income Assistance Program.<sup>3</sup> Shelter Allowance, while not under the housing portfolio, fundamentally has an impact on housing on reserve and thus, must be included in the overall evaluation in order to have a complete understanding and to inform future direction.

Shelter Allowance is based on financial benefit rates and eligibility criteria set by the provinces and territories. Provincial/territorial legislation requires individuals on Income Assistance to have evidence of shelter costs to be eligible for the Shelter Allowance component. These criteria effectively mean that the First Nation must establish a rental regime in order to qualify for Shelter Allowances.

Canada Mortgage and Housing Corporation (CMHC) provides First Nations communities with a subsidy for the construction, purchase and rehabilitation of affordable rental housing units on reserves. These are referred to as Section 95 housing units. Typically, Section 95 homes are granted to recipients of Income Assistance and Shelter Allowance is used as a funding source to assist with the mortgage payments on the housing units.

## Methodology

The evaluation activities and data collection took place between June and December of 2009. The methodology pursued a number of lines of evidence, as follows:

- Review of documents and literature sources;
- Review of administrative and statistical data;

---

1 INAC. (2007) Income Assistance Program, National Manual. Retrieved Sept 2008.

2 Impact Evaluation of the Income Assistance, National Child Benefit Reinvestment and Assisted Living Programs - Final Report February 10, 2009

3 AANDC, Canada's Economic Action Plan. <http://www.actionplan.gc.ca/eng/index.asp>.

- Forty key informant interviews of individuals from the following groups: AANDC managers; AANDC program and policy staff; CMHC staff; provincial counterparts; and First Nations; and
- Nine case studies conducted on-site at locations across Canada.

There were four areas of inquiry for this evaluation; impact, program input, design and delivery, and unintended impacts. Key findings from the evaluation were as follows:

### **Impact**

Documentation states that the objective of Shelter Allowance is to provide financial assistance to Income Assistance recipients to cover their basic shelter needs. While key informants from AANDC, CMHC and provincial counterparts are consistent in their definition of the objective of Shelter Allowance to provide financial assistance to those in need to meet their basic shelter costs, key informants representing First Nations do not think the objectives of Shelter Allowance are clear. AANDC stakeholders are divided as to whether or not the objective of Shelter Allowance is understood by all parties. While AANDC stakeholders understand that the rates and eligibility criteria for Shelter Allowance are set by the province, only half believed that this is communicated to and understood by First Nations communities.

Shelter Allowance funds are an important funding source for First Nation communities to pay for costs related to Section 95 housing, which comprise a significant portion of recent housing developments. Shelter Allowance funds are used to grow the overall housing stock but are not used towards repairs or maintenance. In some provinces, provincial guidelines identify that repairs and maintenance are an eligible expense but is funded on a discretionary basis and funding is generally only available to homes owned by recipients. Key informants and information from case studies indicate that Shelter Allowance funding is typically prioritized in the following order: utility and fuel costs; mortgages under Section 95; and if there is money remaining, maintenance and repairs.

### **Program Input**

Shelter Allowance is an important funding source to support social housing on reserve. Findings from the stakeholder interviews, case studies and the document review, note, however, that Shelter Allowance is not adequately funded to meet the needs of First Nation communities. Stakeholder interviews, case study findings and historical trends indicate that Shelter Allowance is not enough to cover the rent and/or mortgage payments, as well as fuel and utility costs and repairs and maintenance. Shelter Allowance has not been able to leverage any additional funding for housing on reserve other than the Section 95 subsidy.

### **Design and Delivery**

AANDC regional offices administer Shelter Allowance in compliance with the eligibility criteria set by the provinces, in that a recipient must qualify for Income Assistance in order to receive Shelter Allowance. A universal<sup>4</sup> rental regime is required for communities to receive Shelter Allowance, although case study information indicates that this is not always enforced. Reports and case studies show that the extent to which rental regimes are in place and provincial rates are

---

4 The community must collect rent from both social assistance and non-social assistance recipients.

followed on reserve differs across the provinces/territories. Documentation indicates that AANDC is not able to monitor the actual implementation of universal rental agreements in all communities. Shelter Allowance is provided as a component of Income Assistance and in most provinces<sup>5</sup> is administered directly to the band as both the service provider (administrator of Income Assistance) and the landlord, except in Ontario where Shelter Allowance is paid to the recipient directly. Through key informant interviews, AANDC and CMHC stakeholders have raised questions regarding the understanding and administration of Shelter Allowance on reserve, noting that improvements can be made to these processes in First Nation communities.

### **Unintended Impacts**

Some of the challenges that were identified through the document review, interviews and case studies in administering Shelter Allowance include: appropriate levels of funding; compliance with provincial legislation; verification of universal rental regimes; and long-term reliance on Shelter Allowance and comparable administration of funding across the provinces and within communities.

It is recommended that AANDC:

1. Review the National Shelter Allowance policy, including the objectives and eligibility criteria to:
  - clarify the intended scope and intent of the funding and the degree to which it is expected to contribute to shelter costs; and
  - ensure that it is applied in a consistent manner across regions and reflects the provincial comparability principle.
2. Clarify AANDC's role and responsibilities with regard to monitoring the implementation of Shelter Allowance in First Nation communities.
3. Clearly communicate the objectives of the Shelter Allowance program, as well as the determination of rates and eligibility criteria, to First Nations and other stakeholders.

---

<sup>5</sup> Except in Ontario where Shelter Allowance is paid to the recipient directly (from key informants). Also note that the AANDC regional office, Atlantic representative, did not know how the Shelter Allowance was distributed (to bands or individuals) (from case studies)

# **Management Response and Action Plan**

**Project Title:** Evaluation of Shelter Allowance As It Relates To On-Reserve Housing

**Sector:** Social Policy and Programs Branch

**Project #:** 1570-7/07068

Recommendations	Actions	Responsible Manager	Planned Implementation and completion date
<p>1. Review the National Shelter Allowance policy, including the objectives and eligibility criteria to:</p> <ul style="list-style-type: none"> <li>- clarify the intended scope and intent of the funding and the degree to which it is expected to contribute to shelter costs; and</li> <li>- ensure that it is applied in a consistent manner across regions and reflects the provincial comparability principle.</li> </ul>	<p><b>We concur with these recommendations.</b></p> <p>Social Policy and Programs Branch (SPPB) is in the process of developing a strategy to address the shelter allowance issues as part of the Income Assistance reform process.</p> <p>SPPB has initiated discussions with Aboriginal Affairs and Northern Development Canada's (AANDC) Community Infrastructure Branch and regional offices, as well as Canada Mortgage and Housing Corporation (CMHC) to identify issues and provincial comparability. A work plan is being developed targeting Fall 2011 to identify options for the renewal of the policy.</p> <p>A Working Group (including, AANDC's Community Infrastructure, Regional offices, Income Assistance Program and CMHC is in the process of being established. Its mandate will consist of:</p> <ol style="list-style-type: none"> <li>1. facilitating and defining the scope of the review process of the policy,</li> <li>2. engaging First Nation organizations at regional and national level,</li> <li>3. exploring and proposing options for the review of the shelter allowance policy within the context of the Income Assistance reform, and</li> <li>4. Identifying roles and responsibilities with regard to compliance.</li> </ol>	<p>Director of Income Support Directorate</p>	<p>Start Date</p> <p>August 2011</p> <p>Completion Date</p> <p>Fall 2011</p> <ul style="list-style-type: none"> <li>- Work plan</li> </ul> <p>Spring 2012</p> <ul style="list-style-type: none"> <li>- Policy Revisions</li> </ul>
<p>2. Clarify AANDC's role and responsibilities with regard to monitoring the implementation of Shelter Allowance in First Nation communities.</p>	<p><b>We concur with this recommendation.</b></p> <p>The Working Group will facilitate discussions with SPPB, AANDC's regional offices and Community Infrastructure Branch, CMHC and other stakeholders.</p> <ul style="list-style-type: none"> <li>- SPPB will work with its partners to clarify roles and responsibilities.</li> <li>- As part of the Income Assistance program accountabilities, SPPB will work with its partners to continue strengthening the shelter allowance program management through the application of performance and risk management strategies and compliance activities.</li> </ul>	<p>Director of Income Support Directorate</p>	<p>Start Date</p> <ul style="list-style-type: none"> <li>- Fall 2011</li> </ul> <p>Completion Date:</p> <ul style="list-style-type: none"> <li>- Spring 2012</li> </ul>
<p>3. Clearly communicate the</p>	<p><b>We concur with this recommendation.</b></p>	<p>Director of</p>	<p>Start Date</p>

Recommendations	Actions	Responsible Manager	Planned Implementation and completion date
objectives of the Shelter Allowance program, as well as the determination of rates and eligibility criteria, to First Nations and other stakeholders.	<p>SPPB is aware that changes to policy need to be clearly communicated to all parties.</p> <p>SPPB will work with the Working Group, partners and stakeholders to develop a communication strategy to communicate the objectives of the Shelter Allowance program and the recommended policy option with First Nation communities, partners and stakeholders.</p>	Income Support Directorate	<p>- Spring 2012</p> <p>Completion Date</p> <p>- Summer 2012</p>

**I recommend this Management Response and Action Plan for approval by the Evaluation, Performance Measurement and Review Committee**

*Original signed August 3, 2011*

**Judith Moe,**

**A/Director, Evaluation, Performance Measurement and Review Branch**

**I approve the above Management Response and Action Plan**

*Original signed August 3, 2011*

**Françoise Ducros,**

**Assistant Deputy Minister, Education and Social Development Programs and Partnerships Sector**

# 1. Introduction

---

## 1.1 Overview

The following report presents the findings of a neutral, evidenced-based evaluation, undertaken by KPMG on behalf of Aboriginal Affairs and Northern Development Canada (AANDC), of Shelter Allowance as it relates to on-reserve housing. The evaluation looked at the implementation of Shelter Allowance across the country and the extent to which Shelter Allowance is contributing to the overall on-reserve housing objectives. This evaluation is part of the overall evaluation of AANDC's housing support in Canada's First Nation communities (reserves) to be completed in 2010.

## 1.2 Shelter Allowance - Background

### 1.2.1 Income Assistance

Shelter Allowance is a component of Income Assistance, which is the largest of AANDC's Social Development Programs and is the fourth largest welfare program in Canada. In 2006-2007, Income Assistance provided basic services to approximately 150,000 beneficiaries in 630 First Nation communities.<sup>6</sup> The projected expenditures/operating budget for Income Assistance in 2008-2009 was \$696.6 million. A two percent annual increase is anticipated each year until 2012-2013. Shelter Allowance currently accounts for 18 percent of the existing Income Assistance budget.<sup>7</sup> AANDC provides approximately \$118 million each year to First Nations on reserve in the form of Shelter Allowance payments under the Income Assistance Program.<sup>8</sup>

The overall objectives of Income Assistance are to: 'provide support for the basic and special assistance needs of indigent residents of First Nation reserves and their dependants, provide financial assistance to meet basic daily living requirements as per program terms and conditions and to provide support for eligible First Nation individuals to receive pre-employment training, support and/or other active measures'.<sup>9</sup> Basic needs are defined as financial assistance to cover food, clothing and shelter.<sup>10</sup>

A recent evaluation of the relevance and effectiveness of Income Assistance was conducted. While Shelter Allowance was included within the scope of this evaluation, it was not assessed in the context of housing. The objective of the evaluation of Shelter Allowance is to determine whether Shelter Allowance, as it relates to on-reserve housing, obtains value for money, whether the program is being delivered in a cost-effective manner and whether this component has achieved housing, including social housing, objectives. This evaluation is part of a larger

---

6 INAC, Compendium of INAC Program Data 2008, Data Operations Section, Information Management Branch, 2009.

7 Impact Evaluation of the Income Assistance, National Child Benefit Reinvestment and Assisted Living Programs - Final Report February 10, 2009

8 AANDC, Canada's Economic Action Plan. <http://www.actionplan.gc.ca/eng/index.asp>

9 INAC. (2007). Income Assistance Program, National Manual. Retrieved Sept 2008.

10 INAC. (2007). Income Assistance Program, National Manual. Retrieved Sept 2008.

summative evaluation of on-reserve housing programs, policies and activities being undertaken by AANDC and Canada Mortgage and Housing Corporation (CMHC).

### **1.2.2 Shelter Allowance**

Shelter Allowance is an eligible expense included under Income Assistance to recipients on reserve based on financial benefit rates and eligibility criteria set by the provinces and territories. Maximum shelter rates are based on family unit size and include rent, utilities and other allowable shelter costs.

Provincial/territorial legislation requires individuals on Income Assistance to have rental agreements to be eligible for the Shelter Allowance component. This includes evidence of actual costs in the form of receipts, billings, or rental agreements; the community must customarily collect rent for the house; and the amount of rent must be reasonable in terms of household needs, size, the condition of housing, and prevailing community rental practice. These criteria effectively mean that the First Nation must establish and implement a rental regime in order to qualify for Shelter Allowances.

### **On-Reserve Non-Profit Housing Program (Section 95)**

CMHC provides First Nation communities with a subsidy for the construction, purchase and rehabilitation of affordable rental housing units on reserve. Together with AANDC regional offices and the First Nation communities, CMHC determines the number of units a community is eligible for each year and provides loans (up to 100 percent) for the total eligible capital cost to build the home. A subsidy is provided to the First Nation for a maximum of 25 years or the duration of the project loan amortization period, whichever is less. The amount of subsidy is determined as follows:

$$\text{Project Subsidy} = \text{Loan Repayment} + \text{Operating Expenses} - \text{Revenue}$$

First Nations are responsible for deciding who lives in both Section 95 and band-owned homes. Typically, Section 95 homes are granted to recipients of Income Assistance and Shelter Allowance is used as a funding source to assist with the mortgage payments on the housing units.

## **1.3 Shelter Allowance across Canada**

The following tables provide information pertinent to Shelter Allowance over a five-year period spanning FY2004-05 to FY2008-09. Shelter Allowance is used to contribute to, or cover up to, a maximum amount of the shelter costs of Income Assistance recipients on reserve, this includes payments towards rent and mortgage costs on Section 95 housing units. All the data in this section has been provided by AANDC Headquarters, Data and Operations Section.

Table 1.0 below highlights the annual rent expenditure funded to recipients of Income Assistance on reserve over the last five years. Note that Quebec does not administer Shelter Allowance separately from income assistance. As a result, information was not made available on Section 95 housing or trends in social housing in Quebec. Atlantic's change in data is primarily due to a decrease in the number of reporting communities with comprehensive funding agreements.

According to the table below, total annual rent expenditures funded to Income Assistance recipients on reserve through the Shelter Allowance has generally increased.

**Table 1.0**

<b>Annual rent expenditures funded to IA recipients on-reserve (\$000)</b>					
	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
<b>Atlantic</b>	\$ 64.8	\$ 4.9	\$ 43.0	\$ 55.0	\$ 704.3
<b>Québec</b>	<i>Not Available</i>				
<b>Ontario</b>	\$ 31,033.3	\$ 31,571.9	\$ 32,370.1	\$ 33,833.2	\$ 35,000.7
<b>Manitoba</b>	\$ 2,613.0	\$ 5,885.2	\$ 5,916.9	\$ 6,382.6	\$ 7,579.4
<b>Saskatchewan</b>	\$ 7,472.7	\$ 7,503.8	\$ 8,980.4	\$ 7,297.0	\$ 7,282.8
<b>Alberta</b>	\$ 734.8	\$ 452.7	\$ 344.1	\$ 571.3	\$ 519.5
<b>B.C.</b>	\$ 14,584.3	\$ 12,878.1	\$ 14,130.5	\$ 12,172.3	\$ 11,995.4
<b>Yukon</b>	\$ 2,311.0	\$ 1,265.5	\$ 1,231.8	\$ 1,654.5	\$ 1,243.3
<b>Total</b>	<b>58.8M</b>	<b>59.6M</b>	<b>63.0M</b>	<b>62.0M</b>	<b>64.3M</b>

Shelter Allowance is also used to contribute to fuel and utility costs. Fuel and utility bills are typically paid first out of the Shelter Allowance budget. Table 2.0 below depicts the trends in total fuel, utilities and other allowable shelter expenditures (e.g. municipal taxes, insurance, condo fees, damage deposit) on reserve over the last five years.

According to Table 2.0, total fuel, utilities and other shelter expenditures funded to Income Assistance recipients on reserve through the Shelter Allowance has generally increased.

**Table 2.0**

<b>Total fuel, utilities and other shelter expenditures (\$000)</b>					
	<b>2004-2005</b>	<b>2005-2006</b>	<b>2006-2007</b>	<b>2007-2008</b>	<b>2008-2009</b>
<b>Atlantic</b>	\$ 54.7	\$ 3.8	\$ 40.0	\$ 32.0	\$ 411.0
<b>Québec</b>	<i>Not Available</i>				
<b>Ontario</b>	\$ 700.2	\$ 634.2	\$ 521.3	\$ 554.3	\$ 502.3
<b>Manitoba</b>	\$ 7,930.8	\$ 10,127.1	\$ 16,484.7	\$ 18,654.4	\$ 19,988.6
<b>Saskatchewan</b>	\$ 23,644.9	\$ 23,796.3	\$ 25,566.0	\$ 25,564.9	\$ 18,881.2
<b>Alberta</b>	\$ 5,574.1	\$ 7,109.8	\$ 7,286.1	\$ 7,621.4	\$ 6,859.4
<b>B.C.</b>	\$ 7,658.0	\$ 8,191.0	\$ 7,630.2	\$ 8,204.4	\$ 9,157.5
<b>Yukon</b>	\$ 1,552.2	\$ 1,079.0	\$ 1,100.4	\$ 1,344.8	\$ 1,117.2
<b>Total</b>	<b>47.1M</b>	<b>50.9M</b>	<b>58.6M</b>	<b>62.0M</b>	<b>56.9M</b>

In addition to the data reflected in tables 1.0 and 2.0, key informant interviews and comments from communities visited for the case studies also depicted a growing need for Shelter Allowance to support rising costs related to rent and fuel and utilities.

Social housing plays a large role in the overall housing stock on reserve. First Nation communities work with CMHC and AANDC to build Section 95 housing units in order to grow their housing stock. Across Canada, there has been a general increase in the number of Section 95 housing units on reserve. This is illustrated in the table below.<sup>11</sup>

**Table 3.0**

Number of Section 95 housing units on-reserve					
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Atlantic			56	56	2,263
Québec	<i>Not Available</i>				
Ontario	2,885	3,032	3,500	3,930	4,130
Manitoba	2,202	2,438	2,348	2,548	3,211
Saskatchewan	3,208	3,430	3,646	3,446	3,253
Alberta	1,256	1,287	1,287	1,289	1,297
B.C.	6,896	6,931	7,033	7,219	7,303
Yukon	477	297	0	590	590

While Section 95 housing units are an important part of the housing stock on reserve, they put increased pressure of the Shelter Allowance budgets of First Nation communities.

Shelter Allowance is often the sole source of funding being put towards these mortgages.

Finally, Table 4.0 reflects the total number of housing units for which fuel and utilities were paid. Over the last five years, the trend has generally increased in this area.

**Table 4.0**

Total number of housing units for which fuel/utilities were paid					
	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009
Atlantic	17	13	13	12	121
Québec	<i>Not Available</i>				
Ontario	<i>Not Available</i>				
Manitoba	3,361	4,590	4,317	4,881	5,282
Saskatchewan	2,006	2,011	5,216	5,333	5,331
Alberta	1,805	2,393	2,700	2,683	2,546
B.C.	4,708	4,690	4,350	4,273	4,391
Yukon	651	423	203	353	2

These general trends across Canada are comparable to the trends identified in individual communities through the case studies. After payments are made towards fuel and utilities and mortgages on Section 95 housing units, there is limited funding available for repairs and maintenance. This has an adverse impact of the life-span of each housing unit.

---

11 AANDC Social Development and Indian Government Support Data Operations Section, CIMD

## 2. Evaluation Methodology

---

### 2.1 Evaluation Scope and Timing

This evaluation of Shelter Allowance is part of the overall evaluation of AANDC's housing support in Canada's First Nation communities (reserves) to be completed in 2010.

The main objective of the evaluation was to conduct a detailed study of Shelter Allowance for a timely, strategically focused, neutral, and evidence-based report. The evaluation examines the impact, program input, design and delivery and unintended impacts of Shelter Allowance as it relates to housing on reserve. Shelter Allowance, as it relates to on-reserve housing, has never been evaluated since it does not fall under the housing portfolio and is funded through different authorities. However, it is an integral component of housing on reserve and needs to be included if AANDC is to have a complete understanding and view of on-reserve housing in Canada. Given the significant investment under Shelter Allowance and the fact that it can be a source of funding for housing in many First Nations communities, it is essential that the evaluation determine the extent of the impact that Shelter Allowance has on First Nation housing.

The objectives of this evaluation are to determine whether Shelter Allowance, as it relates to on-reserve housing, is being delivered in a cost-effective manner, and whether this component of Income Assistance achieves housing objectives of the Government of Canada and AANDC, including social housing objectives.

### 2.2 Evaluation Issues

An evaluation matrix was developed (see Appendix A), asking a series of questions designed to examine four areas of inquiry: impact; program input; design and delivery; and unintended impacts. The following are the evaluation questions that are answered throughout the findings sections of this report. Each section of the report reviews the scope of inquiry, the findings from our research, and the evidence that supports the findings. The conclusions and associated recommendations are presented at the end of the report.

- *Impact*
  - What are Shelter Allowance funds used for (to repair existing homes, to renovate existing homes, to build new homes, something else entirely)? To what extent is the money being used for housing purposes?
  - What are the objectives of Shelter Allowance? To what extent does Shelter Allowance contribute towards the objectives of housing, including social housing (e.g. to ensure that all citizens have access to housing, which is adequate and appropriate)?
- *Program Input*
  - Is the provision of Shelter Allowance a cost-effective mechanism to support housing, including social housing on reserve?
  - Is Shelter Allowance adequately funded to meet the needs of First Nation recipients?

- To what extent, if any, has Shelter Allowance leveraged additional funds for housing on reserve?
- What national, provincial, federal or First Nation policies and other preconditions determine effective re-investment in housing and building of internal housing revenues? To what extent, if any, has Shelter Allowance contributed to this re-investment?
- *Design and Delivery*
  - Is a rental regime required to receive Shelter Allowance? If so, is there a rental regime in place and is it being implemented? How does this differ between provinces/territories?
  - When a rental regime is required and there is no rental regime in place, is Shelter Allowance being paid anyway? If so, what is the rationale?
  - To what extent are provincial rates and eligibility criteria followed in administering Shelter Allowance? To what extent should provincial rates and eligibility criteria be followed?
  - Is Shelter Allowance administered separately from other Income Assistance? If yes, who are the beneficiaries (registered Indians living on or off reserve, registered Indians, people living on reserve – whether they are registered or not?)
  - Is Shelter Allowance being paid to individuals residing in homes or to the band (as the landlord?)
- *Unintended Impacts*
  - Have there been any unintended consequences or impacts of Shelter Allowance with respect to on-reserve housing (either positive or negative)?

## **2.3 Evaluation Methodology**

The evidence that will support the evaluation will be generated from a document and literature review, key informant interviews, an analysis of administrative and secondary data, and case studies. The subjects for each of the sources were outlined in a methodology report that was submitted as part of the preparatory phase of the evaluation.

### **2.3.1 Data Sources**

- *Document review:*

The review of documents examined included policy documents, Results-based Management Accountability Framework (RMAF), previous evaluation and review reports, administrative data (including databases) and any other documents deemed relevant to this evaluation. The primary focus was on documents pertaining to Income Assistance and Shelter Allowance, however, also included were many documents related to on-reserve housing more generally. These documents were reviewed for any specific references to Shelter Allowance, and to provide information on how the Shelter Allowance component of the Income Assistance

program is contributing to the success (i.e., achievement of objectives) and cost-effectiveness (i.e., reasonably inexpensive execution) of the policies it is designed to advance.

A complete listing of the documents reviewed is presented in Appendix B.

- *Key informant interviews:*

Key informants were identified when the methodology for the evaluation was developed based on a list provided by AANDC and preliminary consultations. A total of 40 interviews were completed. Key informants included representatives from the following categories:

- AANDC managers, policy and program staff (n=23);
- CMHC policy and program staff (n=5);
- Provincial stakeholders who administer Shelter Allowance (off reserve) (n=9); and
- First Nations representatives, individuals and organizations (n=3).

The methodology report identified draft interview questions for each of these five categories of informants. Five interview guides were developed based on these questions and circulated to participants prior to the interviews. These questions were used to guide the discussions and were supplemented with follow-up questions to probe into issues in more detail, as appropriate.

A profile of the key informants that were interviewed is shown in Appendix C.

- *Case Studies:*

Another source of evidence for the evaluation is the use of case studies. Case studies are used to illustrate the manner in which regional AANDC offices administer Shelter Allowance to First Nation communities. The case studies are illustrative examples of how Shelter Allowance is implemented in one community in each province.

Case study subjects were chosen based on a number of criteria, including community size, location, and diverse housing profile. The communities were chosen by AANDC's Evaluation, Performance Measurement and Review Branch with advice and input from the Advisory Committee.

A total of nine case studies were completed. A profile of the community and stakeholders consulted in each community can be found in Appendix D. For each case study, information and data was gathered for analysis from the following sources:

- Interviews with staff from the band office, including the housing department, social assistance department, finance department and Chief and Council, as available;
- Review of available documentation related to housing policy, Income Assistance and financial budgets;
- On-site observations; and
- Interviews with provincial counterparts and AANDC regional managers.

Each First Nation community structures their housing program in order to best meet the needs of the community members. The communities chosen for each case study are not necessarily reflective of the practices and policies that are implemented throughout the province. Each case study is one illustrative example of how Shelter Allowance is implemented on reserve. It is not meant to represent all First Nation communities in the province.

### ***2.3.2 Considerations, Strengths and Limitations***

There were some limitations on the data collected from the three main sources:

- *Document Review:*

While the document review included those documents pertaining to Shelter Allowance, it also looked at documentation related to on-reserve housing more generally. These sources were reviewed for any specific references to Shelter Allowance, and to provide information on how Shelter Allowance is impacting on-reserve housing.

The evidence referenced in this report reflects the primary source of data. There was significant overlap in the information gathered from documents. In order to eliminate repetition, support sources are not referenced in this report.

- *Key Informant Interviews:*

Every effort was made to schedule interviews and repeated attempts were made via phone and email to contact individuals. While the majority of informants spoke on behalf of a single province, some informants spoke on behalf of a region, such as the Prairies or the Atlantic region. As a result, the actual number of key informants interviewed is smaller than anticipated.

Interviews were conducted over the phone, and generally took 40–60 minutes. A significant effort was made to schedule interviews with band councils and First Nation housing staff over a six-month period. Respondents were reluctant to agree to an interview for various reasons, including time limitations due to elections and hesitation to discuss housing issues. Every effort was made to reassure participants of their anonymity and the intent and objective of this report. As a result, First Nation stakeholders are underrepresented in the key informant interviews.

- *Case Studies*

Every effort was made to conduct a site visit when representatives from the housing, social, and finance department, as well as the Chief and Council members were available. However, due to other commitments and community obligations, this was not always possible. The information reflected in each case study is based on the interviews conducted with community members and may not reflect the official opinion of the band office.

The case study report is based on the data provided by First Nation communities and provincial counterparts. Each community and provincial counterpart received the same request for information pertaining to Shelter Allowance. However, the extent to which information was made available and the details included in the data vary across the case

studies. Every effort was made to obtain detailed information within the time frame of this evaluation.

- *Financial Data*

AANDC is aware of how First Nation communities that operate under Comprehensive Funding Agreements (CFA), which is a one-year program-budgeted funding arrangement comprised of a combination of grants, contributions and Flexible Transfer Payments (FTPs), allocate their funding. This includes Shelter Allowance. First Nation communities under a Canada/First Nations Funding Agreement (CFNFA) with AANDC, which is a five-year funding arrangement, have more flexibility in how they fund their community programs. DIAND/First Nation Funding Agreements (DFNFAs) are five-year agreements for AANDC funding, which uses two streams: block funding using the Alternative Financial Arrangement funding authority for those programs and services that are eligible; and targeted funding based on contribution or FTP authority for other programs. CFNFAs are similar to DFNFA's except that they consolidate programs and funding from other government departments. Both DFNFA's and CFNFA's are also known as Flexible Transfer Arrangements.<sup>12</sup> AANDC is not aware of how Shelter Allowance is allocated in these communities. This evaluation refers to communities with a CFA, as AANDC is able to determine where the funding is spent due to reporting requirements. An Income Assistance and Basic Needs Report is required to be submitted on a monthly basis.

---

<sup>12</sup> INAC Special Study on Funding Arrangements (2008).

## **3. Evaluation Findings - Impact**

---

### **3.1 Scope of Inquiry**

This section presents the findings of the evaluation questions related to impact. Under this area of inquiry, the evaluation sought to understand the objective of Shelter Allowance and how stakeholders from AANDC and First Nation communities interpret the objectives of the funding. Establishing the objectives of Shelter Allowance was necessary to understanding the extent to which Shelter Allowance is contributing towards housing on reserve, including social housing. The evaluation assessed what Shelter Allowance funds are used for and how the funding is prioritized in First Nation communities.

### **3.2 Achieving the objectives of Shelter Allowance on reserve**

As a component of Income Assistance, the objective of Shelter Allowance is to provide recipients with financial assistance to meet their basic shelter costs up to a maximum or ceiling rate set by the province.<sup>13</sup> Under the terms and conditions of Shelter Allowance, First Nation recipients of Income Assistance shall receive the same assistance in accordance with the rates, standards and conditions of recipients living off reserve.<sup>14</sup> Provinces define the objective of Shelter Allowance as short-term, or temporary financial assistance to help recipients of Income Assistance meet their basic shelter needs as they take steps to become independent, therefore, the objective of Shelter Allowance is not a tool for increasing the housing stock but financial support towards shelter costs.

AANDC stakeholders and provincial counterparts are consistent in their definition of the objectives of Shelter Allowance to provide financial assistance to those in need to meet their basic shelter costs up to a maximum or ceiling rate. The majority of AANDC stakeholders reported that on reserves, Shelter Allowance is used to pay off Section 95 mortgages.

Key informants from AANDC and CMHC are divided as to whether or not the objective of Shelter Allowance is understood by all parties. Stakeholders from AANDC and First Nation communities understand that the rates and eligibility criteria for Shelter Allowance are set by the province. However, only half of the stakeholders interviewed believe that this is communicated to and understood by First Nation communities. Others believe that First Nation communities do not understand that AANDC is required to follow the guidelines set by the province. Seventeen percent of AANDC stakeholders noted that they have not received sufficient documentation from AANDC Head Office on the objective of Shelter Allowance as it pertains to on-reserve housing. Therefore, this is not communicated to First Nation communities.

About 10 percent of AANDC stakeholders noted that the objective of Shelter Allowance on reserve should not be to reach provincial comparability, as that does not necessarily support the larger goal of creating sustainable on-reserve housing. The objective should be to support the basic shelter needs of income assistant recipients.

---

13 INAC. (2007). Income Assistance Program, National Manual. Retrieved Sept 2008 and Kiedrowski, J. (2005) Implementation of Shelter Allowance. Ottawa: INAC

14 AFN, 2004, Discussion Paper, Shelter Allowance Policy. Electronic

AANDC key informants do not believe that Shelter Allowance is meeting the objective of helping individuals or families meet their basic shelter costs on reserve due to low rates and challenges faced by First Nation communities in enforcing rental agreements consistently. First Nation communities face significant challenges generating a revenue source to support costs related to Shelter Allowance and the growing demand of Income Assistance recipients for Shelter Allowance. Stakeholders from CMHC and First Nation communities agree with this observation, noting that Shelter Allowance is not fulfilling its objectives of covering shelter costs as most of the funding is typically used to pay for fuel and utility costs. The communities that participated in the case studies all reported that their social assistance departments pay utility and fuel costs before they put money towards rent and mortgage costs.

### **3.3 Conclusions**

The stated objective of Shelter Allowance is to provide financial assistance to Income Assistance recipients to cover their basic shelter needs.<sup>15</sup> Key informants from AANDC and CMHC are divided as to whether or not the objective of Shelter Allowance is understood by all parties. Only half of all stakeholders interviewed believe that rates and eligibility criteria are well communicated to and understood by First Nation communities, and 17 percent of AANDC stakeholders noted that they have not received sufficient documentation from AANDC Head Office on the objective of Shelter Allowance as it pertains to on-reserve housing. Therefore, the objectives of Shelter Allowance are not being communicated to First Nation communities.

Shelter Allowance funds are an important funding source for First Nations communities to pay for costs related to Section 95 housing, which comprise a significant portion of recent housing developments. Shelter Allowance funds are used to grow the overall housing stock but are not used towards repairs or maintenance. Shelter Allowance funding is typically prioritized in the following order: utility and fuel costs; mortgages under Section 95; and if there is money remaining, maintenance and repairs. A more detailed financial breakdown of the portion of Shelter Allowance spent on utility and fuel costs was not available.

---

15 INAC. (2008). Draft Integrated RMAF/RBAF for Income Assistance, Assisted Living and National Child Benefit Reinvestment Programs. Gatineau. Québec: INAC.

## ***4. Evaluation Findings – Program Input***

---

### **4.1 Scope of Inquiry**

This section presents the findings of the evaluation questions related to program input. Under this area of inquiry, the evaluation sought to understand if Shelter Allowance is adequately funded to meet the needs of First Nation recipients and the extent to which Shelter Allowance is contributing to investment in on-reserve housing. The scope of this area of inquiry also evaluated if Shelter Allowance leverages any additional funding or is affected by other national, provincial or federal policies.

### **4.2 Effectively meeting the needs of recipients of Shelter Allowance**

In 2005-06, AANDC contributed an estimated \$110 million annually towards Shelter Allowance on reserve.<sup>16</sup> AANDC currently provides approximately \$118 million to First Nations on reserve in the form of Shelter Allowance payments under the Income Assistance Program.<sup>17</sup> However, the implementation of Section 95 housing has generated a new demand for Shelter Allowance payments and regional Income Assistance budgets fixed at historical levels struggle to meet increasing demand.<sup>18</sup> The discussion paper issued in 2004 examining the implementation of Shelter Allowance estimated that an increase between \$50 million and \$90 million was necessary to meet the growing needs of First Nation communities.<sup>19</sup>

Findings from the stakeholder interviews and case studies echo the themes of the document review, noting that Shelter Allowance is not adequately funded to meet the needs of First Nation communities. Stakeholder interviews and case study findings indicate that Shelter Allowance is not enough to cover the rent and mortgage payments, as well as fuel and utility costs and repairs and maintenance. The exception to this general trend is in the Yukon in which case AANDC stakeholders commented that Shelter Allowance is adequately funded.

Stakeholders are aware of overcrowding and housing shortages on reserve. However, stakeholders noted that there is a housing availability issue in the North. They commented on the lack of physical housing and shelter available. AANDC has struggled to have Shelter Allowance paid to recipients living in hotels in Yukon as a result of limited housing availability.

Approximately 40 percent of AANDC respondents commented that Shelter Allowance helps to pay off Section 95 mortgages and is meeting a short-term need in First Nation communities. However, this is not viewed as long-term or sustainable solution to First Nation housing needs.

Almost 40 percent of provincial counterparts commented that Shelter Allowance is not adequately funded to meet the needs of First Nation recipients on reserve because it has not kept

---

16 Evaluation of the Income Assistance Program; Audit and Evaluation Sector, Indian and Northern Affairs Canada, December 2007

17 AANDC, Canada's Economic Action Plan. <http://www.actionplan.gc.ca/eng/index.asp>

18 Evaluation of the Income Assistance Program; Audit and Evaluation Sector, Indian and Northern Affairs Canada, December 2007 and Kiedrowski, J. (2005) Implementation of Shelter Allowance. Ottawa: INAC

19 AFN, 2004, Discussion Paper, Shelter Allowance Policy. Electronic

pace with market rates. Less than 25 percent of provincial counterparts think that the needs of some communities are being met through Shelter Allowance. This is particularly true for rural communities. Stakeholders from AANDC and First Nation communities recognize that shelter costs are based on geographic and economic conditions and are not necessarily comparable to the costs off reserve. Stakeholders commented that larger communities and more urban communities have higher costs and Shelter Allowance is not adequately funded to cover these costs.

### **4.3 Supporting reinvestment in the overall housing stock**

Key informants observed that access to funding, regardless of source, is more influential in determining reinvestment in housing on reserve and not the impact of policies or preconditions from government. Key informants from AANDC, CMHC and First Nation communities noted that Shelter Allowance is an important funding source to support social housing on reserve as it is the primary contribution to Section 95 mortgages. However, as previously noted, the current funding envelope has not kept pace with growing demands for housing and social housing on reserve. Therefore, stakeholders believe that access to adequate funding is more important in supporting the overall housing stock than the impact of policies and preconditions on Shelter Allowance.

Some First Nation communities noted that capital programs are supporting reinvestment in on-reserve housing. First Nation communities that have strong infrastructure, such as sewage and water systems, are better situated to reinvest in the maintenance of the overall housing stock.

Provincial counterparts referred to additional housing programs and social assistance programs run by the provinces that support reinvestment in housing. The extent to which these programs are offered on reserve and evidence of the potential impact of these programs on reserve was not available for this evaluation.

Stakeholders noted that as a component of Income Assistance, Shelter Allowance is a necessary source of funding. It is a last resort, short-term funding option for individuals and families who need help meeting their basic shelter needs. Therefore, Shelter Allowance can not be evaluated as whether or not it is cost-effective, only if it is adequately funded to meet the needs of recipients and is providing a sustainable support.

### **4.4 Additional sources to support Shelter Allowance**

As noted under the objectives, Shelter Allowance is intended to support the shelter costs of Income Assistance recipients. First Nation communities are required to charge rent to tenants on reserve in a fair and consistent manner. This implies that rent is charged in band owned homes as well as in social assistance homes. Rental regimes are discussed in further detail under the design and delivery section. However, it is important to note that communities struggle to collect rent. Communities are typically reallocating funding from their minor capital budgets (with the exception of British Columbia) and other funding where available to make payments on their mortgages and cover shelter costs as revenue from rental regimes is limited. Communities with well implemented rental regimes are better able to re-invest in housing, as they have a source of revenue to do so.

Access to funding has a large impact on re-investment in housing. Communities with well developed infrastructure and capital budgets are typically more successful in re-investing in housing.

## **4.5 Conclusions**

Shelter Allowance is an important funding source to support social housing on reserve. However, the current funding envelope has not kept pace with growing demands for housing and social housing on reserve. First Nation communities are not able to solely rely on Shelter Allowance to support the needs of Income Assistance recipients for the reinvestment in social housing. Shelter Allowance has not been able to leverage any additional funding for housing on reserve other than Section 95 subsidy.

## ***5. Evaluation Findings – Design Delivery***

---

### **5.1 Scope of Inquiry**

This section presents the findings of the evaluation questions related to the design and delivery of Shelter Allowance. Under this area of inquiry, the evaluation sought to understand if Shelter Allowance is administered on reserve in accordance with the prescribed policies in each region. This included a review of the extent to which AANDC regional offices are matching the eligibility criteria and rates for Shelter Allowance set in each province. The scope of this area of inquiry also evaluated the extent to which provincial rates and criteria should be followed and the processes used to administer Shelter Allowance to recipients on reserve.

### **5.2 Universal rental regimes on reserve**

A universal rental regime on reserve is required to receive Shelter Allowance. This implies that rent is collected from recipients of Income Assistance as well as individuals who are not receiving assistance. Provincial/territorial legislation generally requires individuals on income assistance to have rental agreements to be eligible for the Shelter Allowance component.<sup>20</sup> However, many First Nations communities have not implemented rental regimes and AANDC estimates that a third of Income Assistance recipients on reserve do not receive Shelter Allowance payments.<sup>21</sup> Housing is very politicized in First Nation communities and rent collection is not always enforced on band owned homes. Further, there continues to be a claim of treaty rights in many communities, particularly in the North and across the Prairie Provinces. Finally, AANDC has no clear capacity to monitor if rental regimes are implemented.<sup>22</sup> Each province (off reserve) has a reporting or auditing mechanism in place to verify rental agreements or the payments of shelter costs.

One of the conditions under which a community can receive Shelter Allowance for Income Assistance recipients stipulates that the community must collect rent from both social assistance recipients and non-social assistance recipients.<sup>23</sup> Provinces and territories require proof of shelter costs in order to receive Shelter Allowance.<sup>24</sup> If rent is not being paid, clients are required to show proof of shelter costs, such as mortgage payments, property taxes or utilities, fees related to trailer parks, recreational vehicles, and other types of shelter, as permitted under the provincial criteria. AANDC retains a narrower scope of Shelter Allowance on reserve, due to a smaller funding envelope. Shelter Allowance is typically used to pay for fuel and utility costs and then rent and mortgage payments based on available funding.

---

20 Evaluation of the Income Assistance Program; Audit and Evaluation Sector, Indian and Northern Affairs Canada, December 2007

21 Evaluation of the Income Assistance Program; Audit and Evaluation Sector, Indian and Northern Affairs Canada, December 2007

22 CMHC Head Office, 2008, '96 Indian Housing Policy Review – Pre-FN Market Housing Fund, Key Issues and Challenges (PowerPoint). Ottawa, Ontario. Electronic

23 AFN, 2004, Discussion Paper, Shelter Allowance Policy. Electronic, and INAC. (2007). Income Assistance Program, National Manual. Retrieved Sept 2008

24 Kiedrowski, J. (2005) Implementation of Shelter Allowance. Ottawa: INAC

In most cases, Shelter Allowance is being paid despite a limited or lack of universal rental regime. This is because Shelter Allowance is a primary funding source to pay for the mortgages on Section 95 housing units and utility and fuel costs.

The table below provides an overview of the rental agreement requirements and implementation of rental agreements in each province and region. This information was obtained from interviews with key informants from AANDC and First Nation representatives as well as for the case studies conducted in each province (as applicable). The table illustrates the varying degrees to which rental agreements are in place across Canada.

<b>An Overview of Rental Regimes in CFA Communities</b>		
	<b>Is a rental regime required to receive shelter allowance on-reserve?</b>	<b>If so, is there a rental regime in place and is it being implemented?</b>
<b>British Columbia</b>	Yes	Universal rental regimes are partially implemented throughout the province
<b>Alberta</b>	Yes	Rent is only collected on Section 95 housing units
<b>Saskatchewan</b>	Yes	Rent is only collected on Section 95 housing units
<b>Manitoba</b>	Yes	Rent is only collected on Section 95 housing units
<b>Ontario</b>	Yes	Universal rental regimes are partially implemented
<b>Quebec</b>	In Quebec there is no shelter allowance as housing needs are considered to be basic assistance. Recipients on-reserve receive a flat rate for basic and shelter needs. Individuals must show that they are unable to meet their basic needs, including costs related to housing	
<b>Atlantic Region</b>	Yes	Universal rental regimes are partially implemented
<b>Yukon</b>	Yes	A universal rental regime is fully implemented

### 5.3 Compliance with the provinces and territories

The Office of the Auditor General of Canada report stated that Shelter Allowance is being applied inconsistently across the regions and noted that some regions could not pay Shelter Allowance to all of those individuals eligible for assistance due to a lack of appropriate funding.<sup>25</sup> This report recommended that AANDC evaluate its interim policy on Shelter Allowance and approve a final policy with necessary changes resulting from the evaluation while taking into account approved funding levels<sup>26</sup>.

The table below provides an overview of the general trends in which First Nation communities are in compliance with the rates and eligibility criteria for Shelter Allowance set by the provinces. This information was obtained from interviews with key informants from AANDC and First Nation representatives as well as from the case studies conducted in each province (as applicable).

25 Kiedrowski, J. (2005) Implementation of Shelter Allowance. Ottawa: INAC

26 P. 20, Report of the Auditor General of Canada to the House of Commons, Chapter 6: Federal Government Support to First Nations – Housing on Reserves. (2003)

An Overview of Rental Regimes in CFA Communities		
	Compliance with provincial eligibility criteria	Compliance with provincial rates
British Columbia	Yes	Follow the provincial rates for social housing. Will provide assistance for utilities/fuel and partial rent in non-social housing
Alberta	Yes	Only follow the provincial rates for social housing. Will provide assistance for utilities/fuel in non-social housing
Saskatchewan	Yes	Only follow the provincial rates for social housing. Will provide assistance for utilities/fuel in non-social housing
Manitoba	Yes	Only follow the provincial rates for social housing. Will provide assistance for utilities/fuel in non-social housing
Ontario	Yes	Yes
Quebec	In Quebec there is no shelter allowance as housing needs are considered to be basic assistance. Recipients on-reserve receive a flat rate for basic and shelter needs.	
New Brunswick	Yes	New Brunswick has three communities that administer shelter allowance under CFA and do not comply with provincial rates set by the province. The rates on-reserve are higher than the provincial rates as actual utility costs are paid for Section 95 housing units. The remaining First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter
Newfoundland	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.
Prince Edward Island	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.
Nova Scotia	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.	First Nation communities administer shelter allowance under CFNFA and INAC is not aware of the budgets these communities set for shelter allowance.
Yukon	Yes	Yes

Stakeholders from the key informant interviews and the case studies have observed that the provincial rates set for Shelter Allowance are not necessarily reflective of the shelter costs and circumstances on reserve. Due to the fact that Shelter Allowance on reserve is primarily used towards the payment of Section 95 housing units, there are conflicting views from key informants as to whether or not the minimum Shelter Allowance should reflect the minimum payments on Section 95 units or the rates set by the provincial governments.

With the exception of the Yukon, stakeholders cited the following reasons as to why provincial rates and eligibility criteria should not be followed on reserve:

- The funding envelope is not big enough to implement the rates set by the province;
- First Nation reality does not reflect the same circumstances and context of the rest of the province, and the rates and eligibility criteria for Shelter Allowance are not as applicable on reserve as they are off reserve; and
- First Nation communities do not all have the same funding agreements with AANDC. Therefore, the rates set by the province may not be applicable in all communities. Some First Nation communities have more flexibility to move funding around than others.

These findings highlight a need to assess why there is not enough money on reserve to meet the provincial standards. More research is required to assess if the provincial rates are adequate to meet the need of First Nation communities and whether or not funding envelopes reflect these budgets. These recommendations are explored at the end of this report.

## 5.4 Delivery of Shelter Allowance

Shelter Allowance is not generally administered separately from other Income Assistance. AANDC provides funding to First Nations who in turn deliver programs and services to the community members. On-reserve Shelter Allowance is typically paid directly to the band as both the service provider and the landlord. Typically, Shelter Allowance is paid directly to the Social Assistance Department and then transferred to the Housing Department as the landlord. Generally, the province and territories administer Shelter Allowance directly to the individual recipient, unless the individual recipient is unable to make payments.

In Ontario, an individual on reserve is paid Shelter Allowance directly. If the individual is unable to make his or her shelter payments, a third-party manager is brought in through the band office in order to administer the payments. Based on information gathered during the case studies, this tends to be an exception.

The manner in which fuel and utility costs are paid in the communities visited for the case studies varies. Depending on the maximum rates and scope of Shelter Allowance, utilities are either paid by the individual, or the bills are sent directly to the Social Assistance Department in the band office and paid through the social assistance budgets.

The table below highlights how the communities visited for each case study pay the utility bills for recipients on Income Assistance.

Province	Community	Utility/Fuel Payments
British Columbia	St. Mary's First Nation, Cranbrook	<ul style="list-style-type: none"> <li>Utility bills are paid by individuals</li> </ul>
Alberta	Kehewin First Nation, Bonnyville	<ul style="list-style-type: none"> <li>Utility bills are paid by individuals</li> </ul>
Saskatchewan	Cote First Nation, Kamsack	<ul style="list-style-type: none"> <li>Utility bills are paid by the band office</li> </ul>
Manitoba	Norway House First Nation, Norway House	<ul style="list-style-type: none"> <li>Utility bills are paid by individuals</li> </ul>
Ontario	Naotkamegwanning First Nation, Pawitik	<ul style="list-style-type: none"> <li>Utility bills are paid by the band office</li> </ul>
Quebec	Listuguj First Nation, Listuguj	<ul style="list-style-type: none"> <li>Utility bills are paid by individuals</li> </ul>
New Brunswick	Saint Mary's First Nation, Fredericton	<ul style="list-style-type: none"> <li>Utility bills are paid by the band office</li> </ul>
Nova Scotia	Millbrook First Nation, Truro	<ul style="list-style-type: none"> <li>Utility bills are paid by the band office</li> </ul>
Prince Edward Island	Abegweit First Nation, Scotchfort	<ul style="list-style-type: none"> <li>Utility bills are paid by the band office</li> </ul>

## 5.5 Conclusions

A universal rental regime is required in all provinces, except Quebec, for communities to receive Shelter Allowance. The extent to which rental regimes are in place and provincial rates are followed on reserve differs across the provinces/territories. AANDC is not able to monitor the actual implementation of universal rental agreements in all communities. Rental agreements are in place for social assistance recipients as Shelter Allowance is paid directly to the band office. There are significant implementation gaps with regard to the extent that communities collect rent from people who are not on social assistance.

The extent to which provincial rates are followed also varies by province as highlighted in stakeholder's interviews and case studies.

Case studies illustrated that Shelter Allowance is provided as a component of Income Assistance and is administered directly to the band as both the service provider and the landlord.

## ***6. Evaluation Findings – Unintended Impacts***

---

### **6.1 Scope of Inquiry**

This section presents the findings of the evaluation related to any unintended impacts or consequences of Shelter Allowance on housing on reserve that were identified in the evidence sources.

### **6.2 Impact on Section 95 housing units**

CMHC provides First Nations communities with a subsidy for the construction, purchase and rehabilitation of affordable rental housing units on reserves. These are referred to as Section 95 housing units. Typically, Section 95 homes are granted to recipients of Income Assistance and Shelter Allowance is used as a funding source to assist with the mortgage payments on the housing units. The majority of stakeholders interviewed see a strong link between Section 95 housing and Shelter Allowance.

On the other hand, stakeholders believe that Section 95 homes are driving up the costs of Shelter Allowance. Communities are pressured to place recipients of Shelter Allowance in Section 95 homes in order to pay off the loans. Key informants noted in interviews that this may cause inequalities in access to housing in communities as rent is only being charged to residents in social housing and not to people who reside in private or band owned housing. This may also be having an impact on the amount of Section 95 homes, which the communities are able to build due to the low levels of revenue a community is able to collect through rental payments.

### **6.3 Rising costs related to housing**

Some of the challenges that were identified in administering Shelter Allowance in the document review include: appropriate levels of funding; compliance with provincial legislation; verification of universal rental regimes; and long-term reliance on Shelter Allowance.<sup>27</sup> Shelter Allowance has not kept pace with rising costs in inflation and building costs (such as material, labour, energy, etc). This puts pressures on the community's budgets. First Nation communities often use money from their capital budgets to cover their shelter costs.

Communities visited for the case studies are concerned that the high cost of utilities on reserve is draining Shelter Allowance funding and, as a result, First Nation communities struggle to meet their rent and mortgage payments. Recipients are not paying these bills directly and their dependence on the band to pay them is not teaching individuals about budget management or the actual costs associated with home ownership and maintenance.

First Nation stakeholders who were interviewed commented that communities can be isolated and people have few employment options on reserve. Shelter Allowance is not a sustainable solution for First Nation housing needs.

---

27 Shelter Allowance – Overview (PowerPoint). AANDC

## **6.4 Conclusions**

Some of the challenges that were identified in administering Shelter Allowance include: appropriate levels of funding; compliance with provincial legislation; verification of universal rental regimes; and long-term reliance on Shelter Allowance and comparable administration of funding across the provinces and within communities.

# 7. Conclusions

---

## 7.1 Conclusions

The objective of this evaluation is to determine the effectiveness of the Shelter Allowance component of Income Assistance as it relates to on-reserve housing, evaluate its implementation across the country, and fulfillment of results and objectives.

Shelter Allowance, while not under the housing portfolio, fundamentally has an impact on housing on reserve and thus, must be included in the overall evaluation in order to have a complete understanding and to inform future direction. Given the significant investment resulting from the utilization of the Shelter Allowance component of the Income Assistance program in relation to housing on reserve, it is important to understand the extent of the impact that Shelter Allowance has on First Nation housing.

### *Impact*

The objective of Shelter Allowance is to provide financial assistance to Income Assistance recipients to support their basic shelter needs. Shelter Allowance funding is typically used to pay for utility and fuel costs first. Rent and mortgage payments, typically on Section 95 housing units, are then paid through Shelter Allowance. If there is any remaining funding, the money is used for repairs and maintenance.

Shelter Allowance funds are an important funding source for First Nation communities to pay for costs related to Section 95 housing, which comprise of a significant portion of recent housing developments.

### *Program Input*

Shelter Allowance is an important funding source to support social housing on reserve. However, the current funding envelope has not kept pace with growing demands for housing and social housing on reserve. Shelter Allowance is not contributing to re-investment in the housing stock as money is typically utilized from additional funding sources to cover shelter costs. There is inconsistency in stakeholders understanding on the objective of Shelter Allowance and the extent to which this funding should be used to reinvest in the overall housing stock. Re-investment in housing is affected by funding from other sources, such as community's minor capital budgets.

### *Design and Delivery*

Eligibility criteria for Shelter Allowance that are set by the provinces are being followed on reserve in administering Shelter Allowance. The extent to which provincial rates are followed varies by province. A universal rental regime is required for First Nation communities to receive Shelter Allowance. Rental agreements are in place for social assistance recipients, as Shelter Allowance is paid directly to the band office. However, there are significant implementation gaps with regard to the extent that communities collect rent from people who are not on social assistance. AANDC is not able to monitor the actual implementation of universal

rental agreements in all communities. Shelter Allowance is provided as a component of Income Assistance and is administered directly to the band as both the service provider and the landlord.

### ***Unintended Impacts***

Shelter Allowance is an important source of funding for Section 95 housing units. However, in many communities Shelter Allowance is supporting an unequal rental regime in which only recipients of Income Assistance are paying rent.

Shelter Allowance has not kept pace with rising costs in inflation and building costs and communities are required to draw on other funding sources causing additional budget pressures.

### ***Recommendations***

1. Review the National Shelter Allowance policy, including the objectives and eligibility criteria to:
  - clarify the intended scope and intent of the funding and the degree to which it is expected to contribute to shelter costs; and
  - ensure that it is applied in a consistent manner across regions and reflects the provincial comparability principle
2. Clarify AANDC's role and responsibilities with regard to monitoring the implementation of Shelter Allowance in First Nation communities.
3. Clearly communicate the objectives of the Shelter Allowance program, as well as the determination of rates and eligibility criteria, to First Nations and other stakeholders

# Appendix A – Evaluation Matrix

Evaluation Question by Area		Source of Evidence		
		Document Review	Key Informant Interview	Case Study
<b>1.0 Impact</b>				
1.1	What are shelter allowance funds used for (to repair existing homes, to renovate existing homes, to build new homes, something else entirely)? To what extent is the money being used for housing purposes?	✓	✓	✓
1.2	What are the objectives of shelter allowance? To what extent does shelter allowance contribute towards the objectives of housing, including social housing (e.g. to ensure that all citizens have access to housing which is adequate and appropriate)?	✓	✓	✓
<b>2.0 Program Input</b>				
2.1	Is the provision of shelter allowance a cost effective mechanism to support housing, including social housing on-reserve?	✓	✓	✓
2.2	Is shelter allowance adequately funded to meet the needs of First Nation recipients?	✓	✓	✓
2.3	To what extent if any, has shelter allowance leveraged additional funds for housing on-reserve?	✓	✓	✓
2.4	What national, provincial, federal or First Nation policies and other preconditions determine effective re-investment in housing and building of internal housing revenues? To what extent, if any, has shelter allowance contributed to this re-investment?		✓	✓
<b>3.0 Design and Delivery</b>				
3.1	Is a rental regime required to receive shelter allowance? If so, is there a rental regime in place and is it being implemented? How does this differ between Provinces/Territories?	✓	✓	✓
3.2	When a rental regime is required and there is no rental regime in place, is shelter allowance being paid anyway? If so, what is the rationale?	✓	✓	✓
3.3	To what extent are provincial rates and eligibility criteria followed in administering shelter allowance? To what extent should provincial rates and eligibility criteria be followed?	✓	✓	✓
3.4	Is shelter allowance administered separately from other income assistance? If yes, who are the beneficiaries (registered Indians living on- or off-reserve, registered Indians, people living on-reserve – whether they are registered or not?)	✓	✓	✓
3.5	Is shelter allowance being paid to individuals residing in homes or to the band (as the landlord?)	✓	✓	✓
<b>4.0 Unintended Impacts</b>				
4.1	Have there been any unintended consequences or impacts of shelter allowance with respect to on-reserve housing (either positive or negative)?	✓	✓	✓

## **Appendix B – Evaluation Research Matrix**

No.	Document
1	INAC. (2007). Income Assistance Program, National Manual. Retrieved Sept 2008.
2	INAC. (2008). Draft Integrated RMAF/RBAF for Income Assistance, Assisted Living and National Child Benefit Reinvestment Programs. Gatineau. Québec: INAC. Electronic
3	Questions and Answers Shelter Allowance Policy, AANDC – Draft
4	Institute on Governance. (2008). Income Assistance Workshop Report. Gatineau, Québec: INAC, Electronic
5	Kiedrowski, J. (2005) Implementation of Shelter Allowance. Ottawa: INAC
6	Shelter Allowance – Overview (PowerPoint). AANDC
7	INAC, SEPRO Policy Directorate, 2007, Review of INAC’s Approach to Housing on On-Reserves Opportunities for early AFN participation and services, Gatineau, Québec. Electronic
8	INAC. (2006). Fact Sheet: 2006 Census Aboriginal Demographics. Date modified: 2008-07-09. Retrieved July 9, 2008.
9	Impact Evaluation of the Income Assistance, National Child Benefit Reinvestment, and Assisted Living Programs - Draft Interview Findings Report
10	Impact Evaluation of the Income Assistance, National Child Benefit Reinvestment, and Assisted Living Programs - various case study reports
11	Evaluation of the Income Assistance Program; Audit and Evaluation Sector, Indian and Northern Affairs Canada, December 2007
12	Regional Data Submissions
13	Report of the Auditor General of Canada to the House of Commons. Chapter 6 - Federal Government Support to First Nations - Housing on Reserves, April 2003
14	Assembly of First Nations. (2006). Make Poverty History: The First Nations Plan for Creating Opportunity. 2006. Ottawa. On: AFN.

No.	Document
15	Assembly of First Nations. (Revised 2007). First Nations Regional Longitudinal Health Survey (RHS) 2002/03. Ottawa. AFN.
16	Bennett, M., & Blackstock, C. (2007). The Insidious Poverty Epidemic: Considerations for Aboriginal Children. Families. Communities and other indigenous Nations. First Peoples Child & Family Review. 3(3), p. 5-7.
17	British Columbia Ministry of Health. (2008). Home Support. Retrieved September 2008.
18	British Columbia Ministry of Health. (n.d.). Assisted Living Services. Retrieved September 2008, online: <a href="http://www.health.gov.bc.ca/assisted/about/index.html">http://www.health.gov.bc.ca/assisted/about/index.html</a>
19	British Columbia Ministry of Health. (n.d.). Choice in Supports for Independent Living. Retrieved September 2008, online: <a href="http://www.health.gov.bc.ca/hcc/csil.html">www.health.gov.bc.ca/hcc/csil.html</a>
20	British Columbia Ministry of Health. (n.d.). Family Care Homes. Retrieved September 2008, online: <a href="http://www.health.gov.bc.ca/hcc/family.html">www.health.gov.bc.ca/hcc/family.html</a>
21	British Columbia Ministry of Housing and Social Development. (2008). BC Employment and Assistance Program. Retrieved September 2008.
22	Daly, A. and Smith, D. (2003). Indigenous Families and Households in a Time of Welfare Reform, online: <a href="http://www.aifs.gov.au/institute/afrc8/daly.pdf">http://www.aifs.gov.au/institute/afrc8/daly.pdf</a>
23	Goff, P. (2002). Home Care in Québec and Ontario: Structure and Expenditures, Government of Canada – Depository Services Program. Retrieved November 2008, Online: <a href="http://dsp-psd.tpsgc.gc.ca/Collection-R/LoPBdP/BP/prb0231-e.htm">http://dsp-psd.tpsgc.gc.ca/Collection-R/LoPBdP/BP/prb0231-e.htm</a>
24	Government of Newfoundland and Labrador. (2006). Reducing Poverty: An Action Plan for Newfoundland and Labrador. Newfoundland and Labrador: Government of Newfoundland and Labrador.
25	National Council of Welfare. (2007). Poverty Statistics 2004 Child Poverty by Province. Ottawa. On: National Council of Welfare
26	National Council of Welfare. (2007). Poverty Statistics 2004 Poverty Among Seniors by Province. Ottawa, On: National
27	National Council of Welfare. (2007). Solving Poverty: Four Cornerstones of a Workable National Strategy for Canada. Vol. 126. Ottawa. Ottawa: National Council of Welfare

No.	Document
28	Nova Scotia Department of Community Services. (2008). Income Assistance Program. Retrieved September 2008, Online: <a href="http://www.gov.ns.ca/coms/employment/income_assistance/BasicAssistance.html">www.gov.ns.ca/coms/employment/income_assistance/BasicAssistance.html</a>
29	Ontario Ministry of Community and Social Services. (2008). Ontario Social Assistance. Quarterly Statistical Report. Ontario: Ministry of Community and Social Services.
30	Ontario Ministry of Health. (n.d.). Growing Stronger Together – Ontario’s Poverty Reduction Plan. Retrieved September 29, 2008.
31	PEI Department of Social Services. (n.d.). Social Assistance Program. Retrieved September 2008, online: <a href="http://www.gov.pe.ca/infopei/index.php3?number=20587&amp;lang=E">www.gov.pe.ca/infopei/index.php3?number=20587&amp;lang=E</a>
32	Poverty Reduction Working Group. (2008). Report of the Poverty Reduction Working Group, online: <a href="http://gov.ns.ca/coms/specials/poverty/documents/Poverty_Reduction_Working_Group_Report.pdf">http://gov.ns.ca/coms/specials/poverty/documents/Poverty_Reduction_Working_Group_Report.pdf</a>
33	Saskatchewan Ministry of Social Services. (2008). Saskatchewan Assistance Program (Social Assistance). Retrieved September 2008.
34	Saskatchewan Ministry of Social Services. (2008). Saskatchewan Rental Housing Supplement. Retrieved September 2008.
35	Saskatchewan Ministry of Social Services. (2009). Social Assistance Rates. Saskatchewan: Saskatchewan Ministry of Social Services.
36	Statistics Canada. (2008). Persons in low income after tax, by prevalence in percent (2002-2006). Retrieved (Sept 29, 2008
37	Statistic Canada. (n.d.). Computation of Living Cost Differential Allowance Indexes – Isolated Posts and Government Housing Directive. Undated. Ottawa. On: Statistics Canada – Government Allowance Indexes Section, online: <a href="http://www.statcan.gc.ca/imdb-bmdi/document/2321_D2_T9_V1-eng.pdf">http://www.statcan.gc.ca/imdb-bmdi/document/2321_D2_T9_V1-eng.pdf</a>
38	The Council of the Federation. (2006). Reconciling the Irreconcilable – Addressing Canada’s Fiscal Imbalance. Ottawa: The Council of the Federation – Advisory Panel on

No.	Document
	Fiscal Imbalance, online: <a href="http://www.councilofthefederation.ca/pdfs/Report_Fiscalim_Mar3106.pdf">http://www.councilofthefederation.ca/pdfs/Report_Fiscalim_Mar3106.pdf</a>
39	Alberta Income Support Policy Manual. 2008/10
40	Yukon Department of Health and Social Services. (2008). Adult Community Services – Social Assistance. Retrieved September 2008.
41	CMHC Head Office, 2008, `96 Indian Housing Policy Review – Pre-FN Market Housing Fund, Key Issues and Challenges (PowerPoint). Ottawa, Ontario. Electronic
42	AFN, 2008, 1996 Indian Housing Policy, Comments from Manitoba Region. Electronic
43	The Manitoba Shelter Benefit for Persons Receiving Employment and Income Assistance
44	Comparison of DIAND and Provincial Social Assistance Benefits in Manitoba: Phase 1: Methodology Report, Phase 2: Initial Conceptual Discussion Paper, Phase 3: Estimates of Benefit Gaps and Deficiencies, June 2, 1995
45	Revised in 2006, Review of MRCs and Operating Cost Benchmarks. Electronic
46	AFN, 2004, Discussion Paper, Shelter Allowance Policy. Electronic
47	AFN Northlands First Nation, Northlands First Nation, Housing Committee Policy and Procedures Manual, Draft number 1. Electronic
48	CMHC Housing in Canada Online
49	First Nations Social Development Society forms and publications

## **Appendix C – Profile of Key Informants**

Interviews were conducted over the phone, and generally took 40 – 60 minutes. The table below highlights the provinces and stakeholders that were represented in these interviews. Some informants spoke on behalf of a region, such as the Prairies or the Atlantic region. As a result, the actual number of key informants interviewed is smaller than the regions represented.

<b>Key Informant Provincial Representation:</b>	<b>AANDC Managers (12)</b>	<b>AANDC Policy / Program Staff (11)</b>	<b>CMHC Staff (5)</b>	<b>Provincial Counterparts (9)</b>	<b>Band Council / First Nation Housing Staff (3)</b>
Alberta	✓		✓	✓	
British Columbia	✓	✓	✓	✓	
Manitoba	✓	✓	✓	✓	
New Brunswick	✓	✓	✓	✓	✓
Newfoundland	✓	✓	✓	✓	✓
Nova Scotia	✓	✓	✓	✓	✓
Ontario	✓	✓	✓	✓	
Prince Edward Island	✓	✓	✓		✓
Quebec	✓	✓	✓	✓	
Saskatchewan	✓	✓	✓	✓	
Yukon	✓	✓		✓	
AANDC Head Office	✓	✓	✓		✓

## **Appendix D – Profile of Case Studies**

Case studies were conducted in nine provinces. The table below highlights the province, community, and stakeholder interviews that were conducted for each case study. Communities in the Yukon and Newfoundland and Labrador were contacted during this evaluation but were not available to host a site visit.

Province	Community	Stakeholder Interviews
British Columbia	St. Mary's First Nation, Cranbrook	<ul style="list-style-type: none"> <li>• Chief (1)</li> <li>• Housing Department (2)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> <li>• End-users (2)</li> </ul>
Alberta	Kehewin First Nation, Bonnyville	<ul style="list-style-type: none"> <li>• Housing Department (1)</li> <li>• Social Assistance Department (2)</li> </ul>
Saskatchewan	Cote First Nation, Kamsack	<ul style="list-style-type: none"> <li>• Chief (1) and Council (3)</li> <li>• Housing Department (1)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> </ul>
Manitoba	Norway House First Nation, Norway House	<ul style="list-style-type: none"> <li>• Council (1)</li> <li>• Housing Department (2)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> </ul>
Ontario	Naotkamegwaning First Nation, Pawitik	<ul style="list-style-type: none"> <li>• Housing Department (2)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> </ul>
Quebec	Listuguj First Nation, Listuguj	<ul style="list-style-type: none"> <li>• Housing Department (1)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> </ul>
New Brunswick	Saint Mary's First Nation, Fredericton	<ul style="list-style-type: none"> <li>• Chief (1)</li> <li>• Housing Department (1)</li> <li>• Social Assistance Department (1)</li> </ul>
Nova Scotia	Millbrook First Nation, Truro	<ul style="list-style-type: none"> <li>• Chief (1)</li> <li>• Housing Department (1)</li> <li>• Social Assistance Department (2)</li> <li>• Finance Department (1)</li> </ul>
Prince Edward Island	Abegweit First Nation, Scotchfort	<ul style="list-style-type: none"> <li>• Housing Department (1)</li> <li>• Social Assistance Department (1)</li> <li>• Finance Department (1)</li> </ul>