



Final Draft Report

Evaluation of the On-Reserve Housing Program

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Strategic Policy and Partnerships Sector



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LIST OF ACRONYMS

ACRS	Asset Condition Reporting System
AFN	Assembly of First Nations
CFMP	Capital Facilities and Maintenance Program
CMHC	Canada Mortgage and Housing Corporation
EF	Education Facilities
EPHO	Environmental Public Health Officer
FNHPA	First Nations Housing Professionals Association
FNIHB	First Nations and Inuit Health Branch
FNIIP	First Nations Infrastructure Investment Plan
ICMS	Integrated Capital Management System
IFSD	Institute of Fiscal Studies and Democracy
ISC	Indigenous Services Canada
NCR	National Capital Region
ORH	On-Reserve Housing
OCI	Other Community Infrastructure and Activities
O&M	Operations and Maintenance

EXECUTIVE SUMMARY

This evaluation of Indigenous Services Canada's (ISC's) On-Reserve Housing (ORH) program was conducted as outlined in ISC's Five-Year Departmental Evaluation Plan and further to the Treasury Board's *Policy on Results*.¹ The evaluation was undertaken to provide a neutral, evidence-based assessment on program relevance, effectiveness and efficiency. It also presents findings in relation to climate change, service transfer, gender-based analysis plus and impacts of the COVID-19 pandemic on the program to the extent possible. Moreover, given the interlinkages of the program with two other ISC infrastructure-related evaluations undertaken during the same period, i.e. the Education Facilities (EF) program and the Other Community Infrastructure and Activities (OCI) program, this evaluation also highlights crosscutting findings across the three evaluations with the view to provide a more holistic perspective to inform ISC's infrastructure programs.

Background

Administered under the Capital Facilities and Maintenance Program (CFMP), which is the Government of Canada's main vehicle to support community infrastructure for First Nations on reserves, the ORH program supports First Nations to plan and manage housing needs; design, construct, and acquire new housing units; and renovate existing housing units. In addition to construction, renovation and maintenance costs, First Nations can use these funds to contribute towards insurance, debt servicing and the planning and management of their housing portfolios.

Since the last evaluation on the ORH program in 2017,² First Nation communities have been experiencing ongoing changes that have affected housing on reserve and its delivery. Such changes include population growth on reserves; challenges around supply chains, construction costs, inflation, and competition for labor, which were exacerbated by the COVID-19 pandemic; and communities experiencing more frequent and severe weather conditions due to climate change.

Evaluation Scope and Methodology

Covering a five-year period from April 2016 to March 2021, the evaluation was conducted by ISC Evaluation with support from a third-party consulting firm. The evaluation employed a mixed-methods approach that included multiple lines of evidence: literature and document review; administrative and financial data analysis; an online survey with 93 completed questionnaires for the ORH program; interviews with 123 individuals representing First Nations, First Nation partners and technical organizations, as well as ISC staff both at the national and regional levels; Canada Mortgage and Housing Corporation (CMHC); and a focus group with

¹ Treasury Board *Policy on Results*: www.tbs-sct.canada.ca/pol/doc-eng.aspx?id=31300

² ISC website: Evaluation of On-Reserve Housing (rcaanc-cirnac.gc.ca) www.rcaanc-cirnac.gc.ca/eng/1506018589105/1555328867826

members of a First Nation community in Ontario. To the extent possible, data collection activities for the ORH program evaluation were integrated with activities for the evaluations of the OCI Program and the EF Program to reduce the burden in the engagement of ISC regional staff and First Nation communities and organizations.

This evaluation focuses exclusively on the ORH program delivered by ISC and it is not horizontal in nature, i.e. it does not cover the programs delivered or administered by the CMHC.³ The focus of the evaluation is on the funded activities delivered under the CFMP by ISC's Regional Operations Sector. To the extent possible, data collection activities for the ORH program evaluation were integrated with activities for the evaluations of the EF Program and the OCI Program to reduce the burden in the engagement of First Nation communities and organizations.

Main Findings

Relevance

The evaluation finds a continued need for the ORH program and its alignment with ISC and Government of Canada priorities; however, the magnitude of existing and future demands of housing far exceeds the funding available. A few intensifying or emerging factors, including population growth on-reserve, impacts of climate change and COVID-19 and the growing needs of diverse segments of the communities have placed additional pressure on already limited resources. While the ORH program is deemed as relevant in addressing some needs, insufficient funding for housing on-reserve has exacerbated gaps in relation to meeting health and safety standards, impacts of climate change, and housing gaps are increasing for marginalized and diverse members of the community including youth, single individuals, single parents, seniors, and those with disabilities or special needs. There is a lack of sufficient space or land, serviced lots and public infrastructure to support new housing development.

Effectiveness

The evaluation examined the extent to which the ORH program has been effective in supporting First Nation communities to construct or acquire housing in their communities, develop the capacity to manage their housing, and have the information they need to allocate resources to manage their ISC-funded housing within established health and safety standards. The evaluation also looked at the effectiveness of the funding approach, oversight and support of program delivery, including the First Nations Infrastructure Investment Plan (FNIIP) process. The evaluation finds that the ORH program supported numerous projects in First Nation communities which helped meet some needs and address community infrastructure gaps on-reserve; however, the reliability and sustainability of these housing units could not always be

³ CMHC was conducting two evaluations for their Renovations Program On-Reserve and the On-Reserve Non-Profit Housing Program (Section 95) during the similar period.

ensured due to funding constraints and program design. Moreover, the CFMP's overarching objectives of maximizing the lifecycle of assets, mitigating health and safety risks and ensuring assets meet applicable codes and standards were not fully achieved. The availability and reliability of performance data continue to be an issue as identified by the evaluation. In reporting on the achievement of the program, there is a lack of performance data and the department mostly uses data at the output level as specified in the program Logic Model (Annex A); alternative performance measurement approaches were proposed to measure the success of the infrastructure investment on reserve more effectively by integrating a wellbeing or human rights centered lens.

The evaluation also looked at the effectiveness of the funding approach, oversight and support of program delivery, including funding formulas and the FNIIP process. First Nations indicated that the ORH program funding model is constraining, and not always reflective of the current costs of housing construction and maintenance and relies on time-limited funds through budget announcements, which is not predictable and sustainable. The current approach does not support strategic long-term planning and the asset management principles; also the prioritization criteria used in the FNIIP process does not sufficiently consider emerging key factors identified by the communities such as public health, climate change and accessibility. Issues identified in accessing ORH program funds included the timing of funds, application criteria and rationale for the approval of proposal-based funds and community capacity. Further, a lack of regular maintenance due to funding availability and backlogs, compounded by worsened weather conditions and lesser quality of materials, resulted in the lifespans of housing on reserves shorter than elsewhere in Canada.

While challenges, including funding insufficiency, continue to create more barriers in meeting the expected outcomes of the program, the evaluation did find that the ORH program provided increased employment and training opportunities as well as social and economic impacts within the community.

Efficiency

The evaluation assessed the extent to which the ORH program demonstrated efficiency and economy. The findings suggested that opportunities exist in improving cost-efficiency and generating more value for money through more integrated planning based on lifecycle asset management principles, applying a whole-of-community approach based on the unique needs and realities of the communities and taking more proactive and preventative measures in repairs and maintenance of investments.

The evaluation finds that the ORH program is mostly delivered in silo within ISC, the planning and approval of housing projects did not sufficiently take into consideration infrastructure investments in other sub-assets under the CFMP, which had resulted in instances where housing units were built without proper enabling features such as connecting roads, sidewalks, street lighting, and fencing to protect from wildlife. The delivery of infrastructure funding in asset-

based silos made it difficult to align processes and deadlines, hindering the coordination of funding sources.

Further, cost-efficiencies in the ORH program were not fully achieved as a result of insufficient maintenance and repair, and that project approval decisions tend to opt for the lower-costs options rather than based on long-term asset management planning. Moreover, the evaluation noted a lack of a cohesive approach towards capacity building for asset management, which inhibits the efficiency in delivering community housing outcomes. Related to capacity issues, there was a high turnover of staff, both ISC and First Nation communities, which resulted in inefficiencies due to loss of capacity and additional efforts by First Nations. First Nation respondents cited the lack of trained staff as the main reason inhibiting the reform of their housing programs and in turn making their programs less efficient. First Nation and government respondents called for a cohesive approach and investment towards staff capacity building on housing and asset management.

Crosscutting Findings

The evaluation of the ORH program was conducted simultaneously with the evaluations of the OCI program and EF program. These evaluations revealed that ISC's infrastructure programs share many similarities when it comes to the challenges being faced, from funding insufficiency, program design and delivery, capacity and staff turnover, to data and results measurement. Moreover, the findings point out the interlinkages among the programs that are integral to take into consideration in closing the infrastructure gaps on reserve. More specifically, the asset-based approach through time-limited investments and siloed programming means communities with differing priorities are challenged to adequately plan ahead or address their needs. This resulted in loss of efficiencies and missed opportunities to better meet communities' needs and achieve better health and safety.

Recommendations

Based on the findings of the evaluation, it is recommended that ISC:

1. Better support community-led infrastructure planning and prioritization to meet First Nations' needs:
 - 1.1 Review and adapt community infrastructure planning processes to better support First Nations in having reliable, sustainable, and community-led infrastructure;
 - 1.2 Explore opportunities to better align program design and implementation with the evolving priorities identified in this evaluation by First Nations to address the unique needs in their communities, which could include health outcomes, climate change, and accessibility;
- 2 Prioritize or allocate dedicated funding or efforts to areas identified as top needs or gaps by the communities:

- 2.1 Conduct an analysis to identify the barriers for communities that are smaller, more remote and with lesser resources in accessing funds;
- 2.2 Raise awareness among First Nations that diverse types and sizes of housing units can be built with program funding;
- 2.3 Provide dedicated funding for capacity development activities to support the management and maintenance of housing and service transfer, including to provide funding for housing managers' salaries;
- 3. Improve data quality in departmental systems, including to establish clear definitions of the fields and categories used in the Integrated Capital Management System (ICMS) Project Tracking module to help ensure data entry is consistent to improve data quality;
- 4. Implement strategies to mitigate impacts of staff turnover to better support collaboration with First Nations.

MANAGEMENT RESPONSE AND ACTION PLAN

Overall Management Response

Overview

- This Management Response and Action Plan was developed to address recommendations presented in the Evaluation of the On-Reserve Housing Program. It was developed by ISC-Regional Infrastructure Delivery Branch (RIDB) and ISC-Community Infrastructure Branch (CIB) in collaboration with the Evaluation Directorate.
- RIDB and CIB recognize the findings outlined in the evaluation regarding the performance and delivery of the On-Reserve Housing Program.
- The evaluation provides four recommendations to improve the delivery and effectiveness of the On-Reserve Housing program. All recommendations are accepted, and the attached Action Plan identifies specific activities to move towards meeting these recommendations. The program would like to note that the department's ability to provide long-term predictable and sustainable funding for community infrastructure depends primarily on decisions by the Government and direction from central agencies. We concur with the recommendations related to funding in principle and continue to seek funding through the avenues available.

Assurance

- The Action Plan presents appropriate and realistic measures to address the evaluation's recommendations, as well as timelines for initiating and completing the actions. Over the next two years, the department will proceed with a phased response to analyse, develop and implement operational and policy improvements to the On-Reserve Housing program, in consideration of our departmental priorities and ongoing initiatives to modernize the delivery of on-reserve community infrastructure programs and services.
- Many action items involve engagement with partners and relevant stakeholders, with changes to be implemented following these discussions. A status update on this Management Response and Action Plan will be conducted by the Evaluation Directorate regularly and presented to the Departmental Performance Measurement Evaluation Committee to monitor progress and activities.
- The phased approach recognizes program complexities and provides time to engage First Nations and other partners in a meaningful development process.

Management Response and Action Plan Matrix

Recommendations	Actions	Responsible Manager (Title/Sector)	Planned Start and Completion Dates	Status and Rationale
<p>1. Better support community-led infrastructure planning and prioritization to meet First Nations' needs:</p> <p>1.1 Review and adapt community infrastructure planning processes to better support First Nations in having reliable, sustainable, and community-led infrastructure</p>	We <u>do</u> concur.			
	We will:			
	<p>1) Advance the initiative to review and modernize ISC's infrastructure policy and funding delivery models that support long-term, whole-of community infrastructure planning in collaboration with First Nations partners.</p>	DG CIB; Directors of HISRD and IPMCMD	<p>Start Date: May 2023</p> <p>Completion: December 2023</p>	<p>Status:</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially Implemented</p> <p><input type="checkbox"/> Implementation did not Commence</p> <p><input type="checkbox"/> Obsolete</p> <p>Update/Rationale:</p> <p>ISC officials are currently engaging First Nation partners, through regional engagement sessions, on the modernization of infrastructure policy and funding delivery models.</p> <p>As of: May 2023</p>
	<p>2) Update and modernize Operations and Maintenance (O&M) national funding formulas</p>	<p>DG CIB; Director HISRD</p> <p>DG RIDB; MIPD (to work in</p>	<p>Start Date: 2021</p> <p>Completion: Ongoing</p>	<p>Status:</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially Implemented</p> <p><input type="checkbox"/> Implementation did not Commence</p> <p><input type="checkbox"/> Obsolete</p>

	including annual updates to the cost indices to keep pace with inflation.	collaboration with ESDPP for O&M Education Facilities, including teacherages)		<p>Update/Rationale:</p> <p>Budget 2021 provided ongoing funding increases for the operation and maintenance of OCI assets. The national funding formulas for OCI O&M were updated and modernized to provide significant increases to annual allocations by asset. The updated formula funding allocations started to flow to First Nations in 2022-2023 and are ongoing.</p> <p>As of: 2021</p>
1.2 Explore opportunities to better align program design and implementation with the evolving priorities identified in this evaluation by First Nations to address the unique needs in their communities, which could include health outcomes, climate change, and accessibility;	We do concur.			
	<p>We will:</p> <p>1) Develop a plan for further collaboration between Regional Operations branches and regions, including First Nations and Inuit Health Branch, to better support health outcomes in First Nation communities.</p>	DG CIB, DG RIDB, RO, RDGs	<p>Start Date: March 2024</p> <p>Completion: July 2024</p>	<p>Status:</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially Implemented</p> <p><input type="checkbox"/> Implementation did not Commence</p> <p><input type="checkbox"/> Obsolete</p> <p>Update/Rationale: Scoping/assessing start date</p>

				As of:
	2) Integrate climate change mitigation and adaptation considerations and resiliency tools, aligned with ISC's Climate Change Strategy, into project selection decisions and implementation.	DG RIDB, Directors of SOD and SPMR	Start Date: November 2023 Completion: March 2025	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: Scoping/assessing start date As of:
	3) Develop a plan that best supports First Nation identified accessibility needs on reserve.	DG RIDB DG CIB	Start Date: TBD Completion: TBD	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: Scoping/assessing start date As of:
2. Prioritize or allocate dedicated funding or efforts to areas identified as top needs or gaps by First Nations communities:	We <u>do</u> concur.			
	1) Conduct a review and analysis of existing studies and	DG CIB;	Start Date: February 2024	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented

2.1 Conduct an analysis to identify gaps in addressing First Nations' needs, including communities that are smaller, more remote and with lesser resources.	reports that identify gaps in addressing First Nations' needs, including smaller, more remote communities.	DG RIDB	Completion: September 2024	<input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: As of:
2.2 Raise awareness among First Nations that diverse types and sizes of housing units can be built with program funding;	1) Continue to inform First Nations, through regional communication, on the diverse types and sizes of housing that can be built with program funding.	DG CIB; Director HISRD	Start Date: Ongoing Completion: September 2024	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: The First Nations On-Reserve Housing Program does not limit First Nations in the type and style of homes developed in communities. Options concerning housing types are identified in the regional housing proposal tool kit shared with each First Nation. As of:
2.3 Provide dedicated funding for capacity development activities	1) Provide funds, including \$157,040,500 over	DG CIB; Director HISRD	Start Date: September 2022	Status: <input type="checkbox"/> Fully Implemented <input checked="" type="checkbox"/> Partially Implemented

to support the management and maintenance of community infrastructure and service transfer, including to provide funding for housing managers' salaries	five years, for a Housing Management Subsidy plus an additional \$4.5 million over three years starting in 2024-2025 for training and certification and \$61.5 million over three years starting in 2024-2025 for technical services.		Completion: March 2027	<input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: Budget 2022 recognized the importance of housing management by committing an additional \$233 million over five years to enhance community capacity. As of: September 2022
3. Improve data quality in departmental systems, including to establish clear definitions of the fields and categories used in the ICMS – Project Tracking module to help ensure data entry is consistent to improve data quality.	We do concur.			
	We will:			
	1) Extend the ACRS inspection program to provide data that forecasts future capital investment needs for existing infrastructure and ensures a comprehensive inspection of major components of each asset.	DG, RIDB; Director SPMR DG, CIB; Director HISRD	Start Date: April 2022 Completion: March 2026 and ongoing	Status: <input type="checkbox"/> Fully Implemented <input checked="" type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: The extended ACRS program was piloted nationally in 2021-22 and received positive feedback. In 2022-23 regions and First Nations were supported through ongoing proposal-based funding to

			begin implementing the extended inspections. As of: April 2022
	<p>2) Update ICMS to allow for import and export of the capital investment forecasts from the extended ACRS inspection program and create reports to be generated from ICMS.</p>	<p>DG, RIDB; Director SPMR</p> <p>DG, CIB</p>	<p>Start Date: April 2022</p> <p>Completion: December 2024 and ongoing</p> <p>Status:</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input checked="" type="checkbox"/> Partially Implemented</p> <p><input type="checkbox"/> Implementation did not Commence</p> <p><input type="checkbox"/> Obsolete</p> <p>Update/Rationale: ICMS has been updated to support the data elements from an E-ACRS inspection. The Inspection module in ICMS has been updated with the addition of a 'Compact Inspection' export-import.</p> <p>As of: April 2022</p>
	<p>3) Conduct an analysis of the data collected in ICMS – Project Tracking module to determine its reliability and assess information gaps to implement improvements related to data quality and lead a regional</p>	<p>DG, RIDB; Director SPMR</p>	<p>Start Date: July 2024</p> <p>Completion: July 2026</p> <p>Status:</p> <p><input type="checkbox"/> Fully Implemented</p> <p><input type="checkbox"/> Partially Implemented</p> <p><input type="checkbox"/> Implementation did not Commence</p> <p><input type="checkbox"/> Obsolete</p> <p>Update/Rationale: Scoping/assessing start date</p> <p>As of:</p>

	standardization business process exercise (tools and practices) in the ICMS – Project Tracking module to ensure a common understanding and usage of the data to improve reliability and the planification and tracking of infrastructure investments.			
4. Implement strategies to mitigate impacts of staff turnover to better support collaboration with First Nations.	We do concur.	Responsible Managers:		
	We will:			
	1) Review existing human resources, succession and onboarding plans, processes and guides, and develop strategies to ensure new staff have been sufficiently trained to carry out their duties	DG RIDB DG CIB RO, RDGs	Start Date: March 2024 Completion: December 2024	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: Scoping/assessing start date As of:

	in working with First Nations.			
	2) Review communities of practice and other knowledge sharing tools/forums to develop a toolkit to improve collaboration, information sharing and knowledge transfer during staff turnover.	DG RIDB DG CIB	Start Date: March 2024 Completion: December 2024	Status: <input type="checkbox"/> Fully Implemented <input type="checkbox"/> Partially Implemented <input type="checkbox"/> Implementation did not Commence <input type="checkbox"/> Obsolete Update/Rationale: Scoping/assessing start date As of:

1. INTRODUCTION

This document constitutes the report for the evaluation of Indigenous Services Canada (ISC's) On-Reserve Housing (ORH) program. The evaluation was conducted by ISC's Evaluation and Policy Re-design Directorate in accordance with the Treasury Board *Policy on Results* and Section 42.1 of the *Financial Administration Act* as part of ISC's Five-Year Departmental Evaluation Plan 2022-2023.

Planning of the evaluation took place in 2021 and the preliminary evaluation work was conducted between August and November 2021. Most data collection activities occurred between March and September 2022. Preliminary findings were finalized in October 2022. The final evaluation report is to be approved in Winter 2024.

Data collection activities for the evaluation were coordinated with those for two other infrastructure-related evaluations being conducted within the same timeframe, i.e. Evaluation of the Education Facilities (EF) program and Evaluation of the Other Community Infrastructure and Activities (OCI) program, with the intention to maximize engagement efforts and reduce burden for ISC program staff and First Nation communities and organizations in the data collection process, as well as to identify crosscutting issues in the evaluation findings across the three evaluations.

Report Structure and Sections

To provide the context for the evaluation findings, a description of the ORH program and the changing landscape for housing on-reserve is presented in the next section followed by the evaluation's focus and methodology. Subsequent sections present the evaluation findings of program relevance, effectiveness, efficiency, and ISC efforts to support service transfer of the ORH program to First Nations. Findings in relation to COVID-19 and climate change are included in the relevance, effectiveness and efficiency sections as appropriate, rather than in separate sections. In addition, given that a key aspect of ISC's vision is to "support and empower Indigenous peoples to independently deliver services and address the socio-economic conditions in their communities",⁴ findings relevant to service transfer are presented in their own section.

Given the cross-cutting issues identified among the abovementioned three infrastructure-related evaluations, the findings across the three evaluations are presented in a section following the findings on the ORH program with the view to provide a more holistic perspective on the infrastructures on-reserve as a whole. The final section summarizes the key findings and

⁴ ISC Mandate published on the Government of Canada website. Mandate ([sac-isc.gc.ca](https://www.sac-isc.gc.ca/eng/1539284416739/1539284508506)) /www.sac-isc.gc.ca/eng/1539284416739/1539284508506

presents recommendations for program improvement and to support the achievement of results moving forward.

2. PROGRAM CONTEXT AND DESCRIPTION

2.1 Program Context

While housing elsewhere in Canada is market-driven, housing on-reserve is primarily a mix of band-managed (with or without rent payments) or social housing, funded often with some level of federal support through either annual base funding to bands, ongoing loan and grant programs, or targeted short-term program investments. While ISC supports First Nations in addressing their housing needs, ultimately, it is the First Nations that have the right to decide how they manage housing on-reserve.

ISC funds housing on-reserve under the authority as set out in the Capital Facilities and Maintenance Program (CFMP), which is ISC's main vehicle to support community infrastructure for First Nations on reserves, including the ORH program. ISC does not cover the full cost of on-reserve housing; First Nations communities are expected to secure funding from other sources for their housing needs including shelter charges and private-sector loans.

ISC's ORH program is not the only federal initiative contributing to housing on-reserve in First Nation communities. The Government of Canada's support for housing on-reserve is mostly shared between ISC and the Canada Mortgage and Housing Corporation (CMHC). CMHC has several programs available with the majority of assistance being provided through the On-Reserve Non-profit Housing Program (also known as the Section 95 Program) and the Residential Rehabilitation Assistance Program.

2.2 Changing Landscape

ISC's ORH program has been operating under the On-Reserve Housing Policy since 1996,⁵ which was introduced to provide greater flexibility and more control to First Nations over housing policies or programs. The last evaluation on the program was conducted in 2017 covering the period from 2010-11 to 2015-16. Over the past several years First Nation communities have experienced ongoing changes that have affected housing on-reserve and its delivery.

The Indigenous population grew by 9% from 2016 to 2021, nearly doubling the rate of the non-Indigenous population over the same period (5%)⁶. Although the population of Status First

⁵ In 2017, the Department of Indian Affairs and Northern Development was dissolved and the departments of Crown-Indigenous Relations and Northern Affairs Canada and ISC were established so as to separate the process of designing and rebuilding new relationships with Indigenous Peoples from the administration of the *Indian Act*. Where Crown-Indigenous Relations and Northern Affairs Canada is responsible for continuing to modernize institutional structures and governance so that Indigenous Peoples can build capacity that supports the implementation of their vision of self-determination, ISC's primary responsibilities are focused on capacity building to improve access to high-quality services, and to support Indigenous Peoples in assuming control of the delivery of services at the pace and in the ways they choose.

⁶ Statistics Canada 2021 Census. Retrieved from: www150.statcan.gc.ca/n1/daily-quotidien/220921/dq220921a-eng.htm

Nations living on reserve grew 0.6% during this period as per Statistics Canada 2021 Census⁷, many First Nations interviewees of this evaluation indicated that they had observed more members returning to live on reserve in their communities, which had become more diversified in various segments of the population including youth, single individuals, single parents, seniors, and those with disabilities or special needs. On the other hand, population growth on-reserve has exacerbated the already existing housing shortage and as a result many may not be able to return to the community.

The COVID-19 pandemic has exacerbated existing housing and infrastructure issues on-reserve and has long-term implications for the planning and design of housing and community infrastructure. In addition, challenges around supply chain issues, construction costs, inflation, and competition for labor became more acute during the pandemic.

Due to climate change, First Nations communities have been experiencing more frequent and severe weather conditions, which further stress infrastructure and highlight the need for more durable housing. The impacts are even more evident for remote communities as the durations of winter roads diminish.

With the Government of Canada's continuous commitment towards reconciliation with Indigenous peoples and support for nation-to-nation relationships and self-determination, First Nations are increasingly seeking to assume control of programs and services and decision-making.

2.3 Program Profile

Capital Facilities and Maintenance Program

According to the 2016 CFMP Program Manual, the CFMP invests in the planning, design, construction, renovation, acquisition and operations and maintenance of community infrastructure that supports First Nations to build healthy, safe and prosperous communities and enables engagement in the economy. Through the CFMP, more than \$2 billion per year is invested in four program areas, including housing, education facilities, water and wastewater systems, and other community infrastructure. Program activities are governed by the terms and conditions of the *Contributions to support the construction and maintenance of community infrastructure* Transfer Payment Program Authority.

ISC allocates funding for the construction and the maintenance of community infrastructure to First Nations at a regional level through formula, proposal-based project funding or as a combination of both. Formula-based funding includes operation and maintenance funding, formula-based minor capital funding, and housing funds, while proposal-based funding,

⁷ Status First Nations people in Canada: A snapshot from the 2021 Census. <https://www150.statcan.gc.ca/n1/pub/41-20-0002/412000022023004-eng.htm>

including all targeted funds, covers acquisition, construction, renovation, or repair projects, whether they are major or minor projects.

Funded under three streams, i.e. operations and maintenance, minor capital (for projects under \$1.5 million), and major capital (for projects over \$1.5 million), the intended objectives of the CFMP are to make investments that:

- Maximize the lifecycle of physical assets;
- Mitigate health and safety risks;
- Ensure assets meet applicable codes and standards; and
- Ensure assets are managed in a cost-effective and efficient manner.

Contributions to eligible recipients under the CFMP provide financial assistance to plan, construct and/or acquire and operate and maintain community capital facilities and services (infrastructure, including schools) and housing (residential) consistent with approved policies and standards. This assistance is provided to First Nations on reserves, as well as First Nations and other eligible recipients on Crown land or recognized Indian land.

On-Reserve Housing Program

The ORH program falls under the core responsibility of governance and community development services in ISC's 2022-23 Departmental Results Framework and contributes to the departmental result of "Indigenous people have reliable and sustainable infrastructure".

Administered under the CFMP, the ORH program funding is provided to First Nations on-reserve and to First Nations and other eligible recipients on Crown land or recognized Indian land to:

- Plan and manage housing needs;
- Design, construct, and acquire new housing units; and
- Renovate existing housing units.

Under the 1996 On-Reserve Housing Policy, ISC provides annual funding to First Nations in most of Canada primarily through a formula-based allocation, which considers, among other factors, population and community remoteness to address a range of housing infrastructure needs (including construction, renovations, maintenance, and governance support). In British Columbia, where the First Nations communities did not opt into the Policy, support for housing on-reserve is provided through the Housing Support Program⁸ which provides funds through project-based initiatives.

From 2016-17 to 2020-21 (evaluated period), ISC provided an average of annual base (A-base) funding of \$150 million to support on-reserve housing. In addition to construction, renovation and maintenance costs, First Nations can use these funds to contribute towards insurance, debt servicing and the planning and management of their housing portfolios. During the evaluated

⁸ Formally known as New Approach for Housing Support.

period, the ORH program also received time-limited targeted (B-base) funding through Budget 2016 and Budget 2018 announcements for a total of more than \$1 billion over five years:

- **Budget 2016:** \$417 million over two years (2016-17 to 2017-18) to cover new builds, renovations, additions, and lot servicing, as well as capacity development and innovation;
- **Budget 2018:** \$600 million over three years (2018-19 to 2020-21) to continue addressing the significant infrastructure gap on a proposal basis towards the construction, renovations/additions, lot servicing, as well as capacity development and innovation.

These investments are expected to contribute to increasing the number of units on reserve, address much needed renovations, and prepare lots for future construction. Further, these investments are expected to contribute to increased capacity on-reserve, leveraging innovative practices as well as advancing a co-developed 10-year Housing Strategy with First Nation Partners.

In addition to the authority under the CFMP, as part of related programming to support the ORH program, ISC also provides Ministerial Loan Guarantees for community members who need to obtain a loan to purchase an existing home or financing to fund the construction, acquisition or renovation of on-reserve housing. The ministerial loan guarantees are designed to provide financial security to the lender given that under the terms set out in Section 89(1) of the *Indian Act*, real property on a reserve cannot be seized by non-Indian and most financial institutions in case of default. The current authority level is set at \$3.0 billion.

Program Expenditure

The following table summarizes the ORH program expenses (both A-base and B-base) over the evaluation period. Overall, the ORH program disbursed approximately \$1.8 billion over five years, which was split between seven regions, two territories and HQ. Across the regions and territories, Manitoba spent the most at \$446 million followed by Ontario at \$395 million and Saskatchewan at \$248 million. The lowest expenditures were in the Northwest Territories at \$1.2 million followed by the Yukon at \$31 million.

Table 2.1: ORH Program Expenditures by Region from 2016-17 to 2020-21 (in \$)

Region	2016-17	2017-18	2018-19	2019-20	2020-21	Total
ATL	12,243,320.39	5,608,542.00	8,733,593.75	11,646,181.97	12,908,398.74	51,140,036.85
QC	31,586,369.00	26,740,400.00	27,811,725.00	27,304,425.00	30,235,693.00	143,678,612.00
ON	101,536,288.97	58,880,008.16	77,093,556.00	76,073,210.00	81,416,584.00	394,999,647.13
MA	62,743,836.55	103,458,706.88	93,460,162.66	90,105,414.34	95,879,421.25	445,647,541.68
SK	62,019,989.25	52,979,765.00	45,603,758.00	42,632,728.00	44,703,642.00	247,939,882.25
AB	52,998,931.16	37,384,977.00	48,189,409.00	54,702,823.00	49,912,521.00	243,188,661.16
BC	69,182,789.00	38,126,334.00	41,397,043.00	34,183,423.58	34,508,653.00	217,398,242.58
YK	8,866,199.00	4,287,462.62	6,904,167.95	5,571,358.42	5,498,362.54	31,127,550.53
NWT	1,185,000.00	0	50,000.00	0	0	1,235,000.00
HQ	1,330,733.16	302,000.00	5,140,091.74	2,853,138.00	3,539,984.00	13,165,947.02
Total	403,693,456.48	327,768,195.66	354,383,507.10	345,072,702.43	356,603,260.53	1,789,521,123.20

Source: ISC financial reporting

2.4 Program Governance and Management

The ORH program is managed at ISC's National Capital Region (NCR) through the Housing and Infrastructure Service Reform Directorate of the Community Infrastructure Branch and implemented through regional offices, all within the Regional Operations Sector. The Operations and Service Delivery Committee and the Regional Operations Senior Management Committee chaired by ISC's Associate Deputy Minister provide departmental senior level oversight for the program and ensure consistency of strategic decisions of the CFMP within the RO Sector and with the rest of the Department.

In addition to the Regional Operations Sector, The Environmental Public Health Division housed within the First Nations and Inuit Health Branch (FNIHB) and its Environmental Public Health Officers (EPHOs) work directly with First Nations to inspect homes where there are concerns of health and safety risks and provide advice and guidance about how to minimize these risks. EPHOs also assist communities in reviewing infrastructure project proposals from a public health perspective.

2.5 Project Prioritization and Selection

First Nation communities manage and operate housing and community infrastructure facilities and systems on reserve. First Nations are responsible for maintaining existing assets and building new ones. ISC regional offices assist First Nations in developing infrastructure investment plans, managing capital projects, operating, and maintaining existing assets. Per the Protocol for ISC-Funded Infrastructure, recipients of funding under the CFMP are expected to ensure that applicable codes and standards are met, and are responsible for hiring qualified professionals that are expected to familiarize themselves with and abide by applicable standards and requirements related to operating and maintaining community infrastructure.

First Nations in all provinces and Yukon that are supported under ISC's 1996 On-Reserve Housing Policy receive an annual formula-based funding to support housing in the beginning of

the federal fiscal year (i.e. April 1). Once the funding is allocated, First Nations are responsible for the planning, selection, design, procurement and construction of their housing projects. For housing projects funded under the British Columbia's Housing Support Program, the communities must include their housing projects in the annual First Nations Infrastructure Investment Plan (FNIIP) process.

According to the 2016 CFMP Program Manual, proposal-based funding is used by the CFMP to provide financial support to First Nations to invest in capital infrastructure assets. Contribution amounts for the construction of new or the renovation of existing assets are determined by regional offices on the basis of proposals submitted by First Nation recipients. Regional offices align those needs with program terms and conditions, criteria, priorities, and resources; and the NCR determines the national funding allocation approach and allocates funds to regions.

First Nations Infrastructure Investment Plan

As indicated on ISC website⁹, the FNIIP is a planning tool to help ISC assess infrastructure needs and strategically plan infrastructure investments in First Nations communities across Canada. FNIIPs are how ISC manages CFMP funding and are developed in partnership with First Nations based on community-identified infrastructure needs, which covers all CFMP asset areas. The deadline for a First Nation to submit their infrastructure investment plan to a regional office is September 30 of each year. Investments are prioritized through the National Priority Ranking Framework (NPRF), a planning tool that helps direct funding to the highest priorities using a consistent and transparent process across all regions. Higher-ranked projects are placed in earlier years of the plan, while lower-ranked projects are placed in later years. The amount of money available to support projects identified in the FNIIP varies from year to year due to time-limited, targeted funding programs.

National Priority Ranking Framework

The prioritization of proposed projects is based on several factors covered under the NPRF, including:

- Protection of health and safety as well as assets (assets require upgrading or replacement to meet appropriate standards);
- Health and safety improvements (upgrades of existing assets, new construction/acquisition projects to mitigate an identified significant risk to health and safety);
- Recapitalization/major maintenance (extend the useful operating life of a facility or asset, or maintain the original service level of the asset); and

⁹ ISC website, updated 2023-07-28. First Nations Infrastructure Investment Plans. <https://www.sac-isc.gc.ca/eng/1440084290678/1533645718223>

- Growth (anticipated community growth requiring new construction, expansion or procurement of assets to maintain the level of service standards).

2.6 Project Tracking and Inspections

ISC uses the Integrated Capital Management System (ICMS), a web-based application consisting of a number of modules including assets, Bands, budget, deficiencies and inspections, Operations and Maintenance (O&M) and project tracking, to track approved projects. The ICMS is used by ISC program staff responsible for the construction, operations, and maintenance of capital assets. Regional staff enter project information reported by First Nations into the ICMS and update project information as appropriate.

For housing specifically, the housing module uses the Data Collection Instrument to gather information concerning housing, housing infrastructure, and community services in First Nation bands-sites. This information is updated annually with data provided by First Nations. Housing information consists of housing counts, new constructions, renovations performed, renovations and replacements required, and the numbers of houses without electricity or road access. It also includes housing counts related to sources of water supply, methods of water delivery, sewage disposal destinations and methods of sewage collection.

3. EVALUATION SCOPE AND METHODOLOGY

3.1 Evaluation Scope and Issues

The coverage of the evaluation took into consideration the mandatory requirements under the *Financial Administration Act* and the Treasury Board *Policy on Results*. The focus of the evaluation was also informed by findings from previous evaluations and audits, as well as program needs and the ongoing work on program reform.

While examining both A-base and B-base funded activities of the ORH program delivered through the CFMP authority over a five-year period from April 2016 to March 2021, the evaluation focused on relevance, effectiveness and efficiency issues, and sought evidence to support crosscutting issues in relation to service transfer and impacts of climate change. A gender-based analysis plus lens was integrated where appropriate from the perspective of the diverse segments of the populations on-reserve.

For relevance, the evaluation focused on the ongoing and emerging needs of First Nations in relation to housing on-reserve. For effectiveness and efficiency, the focus was on the extent to which the ORH program has achieved its intended outcomes, as well as the performance of program design, delivery and governance.

What's not Covered in This Evaluation

While the CMHC receives funding to support housing on the reserves under their respective organizational mandate, this evaluation focuses exclusively on the ORH program delivered by ISC and it is not horizontal in nature, i.e. it does not cover the programs delivered or administered by the CMHC.¹⁰ The focus of the evaluation is on the funded activities delivered under the CFMP by ISC's Regional Operations Sector.

The Ministerial Loan Guarantees were not assessed in this evaluation as part of related programming, given that they were examined by a 2016 Audit of On-Reserve Housing¹¹ and a 2010 Evaluation of Ministerial Loan Guarantees,¹² which indicated the continued need for them and associated low risks in implementation.

The Indigenous Homes Innovation Initiative of \$40 million over five years (2018-19 to 2022-23) though Budget 2018 was not included in the evaluation due to the timing of its implementation, delay due to COVID-19, and limited evidence available during the evaluation period. With its funding allocated on a merit basis using the Impact Canada terms and conditions, the

¹⁰ CMHC was conducting two evaluations for their Renovations Program On-Reserve and the On-Reserve Non-Profit Housing Program (Section 95) during the similar period.

¹¹ www.rcaanc-cirnac.gc.ca/DAM/DAM-CIRNAC-RCAANC/DAM-AEV/STAGING/texte-text/aev_pubs_au_orh_1321546377260_eng.pdf

¹² https://publications.gc.ca/collections/collection_2015/aadnc-aandc/R5-54-2010-eng.pdf

Indigenous Homes Innovation Initiative was launched to support the development of innovative housing approaches to inform systemic level transformation for housing on-reserve and off-reserve across all three Indigenous distinctions. Future evaluations of the Indigenous Homes Innovation Initiative could yield relevant insights to inform the ORH programming.

Crosscutting Issues with Other Infrastructure-related Evaluations

Two other evaluations were conducted during the same period as the ORH program on other infrastructure-related programs under the CFMP, i.e. EF program and the OCI program, which were subject to the same authority and requirements under the CFMP and involved overlapping regional contacts and First Nations partners across the three programs.

To reflect the similarities, independencies and other crosscutting issues across the three programs in delivering infrastructure programs and services to First Nations communities, the Evaluation team assessed these crosscutting aspects that are applicable to all three evaluations in order to provide a more holistic view to inform ISC's infrastructure program and service delivery beyond a single program.

3.2 Lines of Evidence

To the extent possible, data collection activities for the ORH program evaluation were integrated with activities for the evaluations of the EF and the OCI program to reduce burden in the engagement of First Nation communities and organizations and to realize efficiencies where applicable.

Six lines of evidence were used to support the evaluation of the ORH program, of which the survey was administered across the three above-mentioned evaluations:

- **Literature and Document Review:** Relevant departmental documents were reviewed such as Treasury Board submissions, ISC reports, briefing notes and correspondence; presentations (including those available through the 5th National First Nations Housing Forum that took place in 2022); as well as key studies completed or sponsored by First Nations partners including the *2019 Deep Dive on First Nations Housing On-Reserve*.
- **Administrative and Financial Data Analysis:** Available financial and performance/monitoring data, progress reports, project files were analyzed.
- **Key Informant Interviews:** 57 interviews (both internal and external) were completed with 123 individuals from 14 First Nations, 9 Tribal Councils, 1 First Nations Technical Services Organization, 4 First Nations Provincial/Territorial Organizations, the Assembly

of First Nations (AFN), The First Nations Market Housing Fund,¹³ the First Nations Housing Professional Association (FNHPA)¹⁴ and CMHC; within ISC, 21 program staff on infrastructures in all seven ISC regions and Yukon were interviewed, including the Environmental Public Health Division of the FNIHB.

- **Survey with Funding Recipients:** A survey integrating all three programs (i.e. ORH, the EF program and the OCI program) was conducted with voluntary First Nations community recipients targeting a total of 1,098 invitees across 588 First Nations across Canada. Of the 226 completed surveys 93 surveys were completed on the ORH program.
- **Focus Group:** One focus group was conducted with members of a First Nation community in Ontario designated as a Zone 1 community (within 50km of a service station with year-round road access).

3.3 Challenges and Limitations

Limitations to the interpretation of survey, interview and focus group results are related to the distribution of sample demographic characteristics. While regional representation was obtained and the data can be illustrative of the experiences of many First Nations and reported with confidence, it is not necessarily representative of all First Nation communities across Canada.

- **Survey:** As follow-up was limited or not possible in many instances, this led to a smaller final sample size. While the overall sample size remained large enough to report results, one region (the Atlantic region) is underrepresented in the final data. While the questions in the survey clearly specify 'ISC's Housing On-Reserve program', some respondents may be providing their perspectives on housing support on-reserve as a whole as it may not be clear to them the distinction between federal programs in the housing space in their communities.
- **Interviews:** Multiple interviews were conducted with First Nations and tribal councils in British Columbia, Ontario, Quebec, and the Atlantic regions; however, only one interview with a First Nation was conducted in each of the remaining regions (i.e., Alberta Saskatchewan, and Manitoba) as well as with one Yukon First Nation and Northwest Territories First Nation. Moreover, some First Nation respondents were new to their role and as such were not familiar with all aspects of the program, hence they may not be able to confidently report on their communities' experiences and outcomes related to the program beyond their time spent in their current role. Many interviewees reported that they relied on funding from ISC and sources other than the ORH program including the CMHC. As such, the potential exists for overlap of outcomes provided by multiple funding sources.

¹³ The First Nations Market Housing Fund was created by the Government of Canada in 2007 to bring in market housing on reserves. It is managed by CMHC, but it is expected that it will eventually be independent from government. Its nine board trustees represent indigenous organizations across the country.

¹⁴ The FNHPA is a national professional association established in 2019 to train and certify existing and future on-reserve housing professionals

- **Focus group:** There was significant challenge in recruiting the focus groups with First Nations community members/end-users of housing and infrastructure facilities. Despite the best efforts in engaging approximately 60 communities, only one community in Ontario (a medium-sized community in Zone 1) agreed to participate in a focus group.
- **Financial and Administrative Data:** Considerable challenges were experienced in obtaining financial and administrative data to support evaluation findings. Despite the readily available First Nations Targeted Infrastructure Investment Quarterly Reports published on GCpedia¹⁵, when seeking information beyond total number of projects completed and funding invested under each asset, e.g. expenditures by project type, by project sub-category, by zone, and total recipient funding requests, etc., the data was found not to be well populated in ICMS, which posed usability issues. Moreover, as regions manage their own data entry into ICMS based on information reported by First Nations, consistency was also raised as an issue in how certain fields and categories were interpreted across regions.

3.4 Integrating Culturally Appropriate Practices and Methods

To support ISC Evaluation's mandate to integrate co-development principles and implement evaluation methods and approaches with Indigenous peoples and partners that are more centred on Indigenous worldviews and knowledge systems, the Evaluation team has sought opportunities where possible to integrate more culturally appropriate practices in the evaluation process, including:

- Engaged key First Nations partners at key milestones, including evaluation planning, preliminary findings and final evaluation report;
- Collaborated with First Nations partners in finalizing the evaluation approach and instruments (i.e. interview guide and survey questionnaire) by considering Indigenous perspectives in relation to data collection methods;
- Integrated opening and closing ceremonies and storytelling in some group discussions and engagement activities where appropriate;
- Shared evaluation-related findings and results with First Nations partners and participants respecting the principle of reciprocity;
- Hired a consulting firm versed in Indigenous evaluation approaches and methods to support data collection with First Nations partners and community representatives and members.
- Ensured a sufficient representation of First Nations participants in data collection, where a majority of interviewees were composed of First Nations community members, administration, technical organization and partners; a survey targeting First Nations communities only; and focus groups with First Nations community members;
- Established the First Nation Evaluation Advisory Committee for the Evaluation of the Education Facilities Program, which is composed of representatives including chiefs and First Nation infrastructure technical organizations. Given the linkages and similarities

¹⁵ GCpedia: https://www.gcpedia.gc.ca/wiki/Report_Archive

among infrastructure evaluations, the relevant advice from the Committee on evaluation conduct and methodologies were used to inform the evaluation of the ORH program, where applicable;

- Used a more narrative style and citations where appropriate in providing qualitative evidence to support evaluation findings with the intention to convey feedback from First Nation communities.

4. FINDINGS ON RELEVANCE: MEETING FIRST NATIONS HOUSING NEEDS

The evaluation examined the extent to which the ORH program has met the existing and emerging needs on reserve in accessing sustainable, safe and adequate housing. The evaluation found that while the ORH program has helped address some housing gaps on-reserve, it did not fully meet the needs of First Nations communities.

The evaluation finds that the magnitude of existing and future demands of housing on-reserve far exceeds the funding available. A few intensifying or emerging factors, including population growth on-reserve, impacts of climate change and COVID-19 and the growing needs of diverse segments of the communities have placed additional pressure on already limited resources.

Many First Nation communities are facing a housing crisis due to increased demand for housing as a result of rapid growth and accelerated deterioration of existing housing stock due to overcrowding and poor housing construction. Housing gaps are exacerbated for marginalized and diverse members of the community including youth, single individuals, single parents, seniors, and those with disabilities or special needs. The COVID-19 pandemic has highlighted housing gaps as communities struggle with a lack of staff and overall capacity to reform their housing programs.

4.1 Alignment with Government of Canada Priorities

Finding #1: The ORH program aligns with ISC and the Government of Canada priorities.

According to a report commissioned by the Assembly of First Nations and developed by the Institute for Fiscal Studies and Democracy (IFSD), 55,000 new homes are currently needed on reserves, along with 81,000 renovations to existing homes. It is expected that, with population growth and First Nations members moving back to their communities, the need for new housing will grow by a further 80,000 homes by 2040. The deficit is due in part to the remoteness of some communities, a range of socio-economic challenges, O&M policies, and decades of under-funding. In addition, current investments are not keeping pace with population growth, the rate of inflation, and the needs of First Nation communities.¹⁶

Activities under the ORH program are aligned with the Government of Canada's priorities to address infrastructure gaps on-reserve. The Prime Minister's 2021 Mandate Letter to the Minister of Indigenous Services indicated:

¹⁶ P3's: Bridging the First Nations Infrastructure Gap (pppcouncil.ca): www.pppcouncil.ca/web/P3_Knowledge_Centre/Research/P3_s__Bridging_the_First_Nations_Infrastructure_Gap.aspx?WebsiteKey=712ad751-6689-4d4a-aa17-e9f993740a89

“To achieve equity, you will continue to collaborate with Indigenous partners by working together to close socio-economic gaps and improve access to high-quality services. This includes continuing work to eliminate all remaining long-term drinking water advisories, and closing the infrastructure gap by 2030, with a focus on building sustainable and affordable housing.”¹⁷

The ORH program contributes to ISC’s core responsibility of community and regional development and its mandate of improving the quality of services delivered to non-self-governing Indigenous communities through the following activities:

1. Provide funding and advice to eligible recipients under the CFMP;
2. Collect data self-reported by First Nations using data collection instruments;
3. Provide funding and support to First Nations for communities to operate and maintain their ISC-funded housing.

Working in partnership with First Nations, the ORH program seeks to increase the supply of safe housing to achieve better housing outcomes for on reserve residents with the ultimate goal of transferring the services to Indigenous peoples. These activities are aligned with the Government of Canada’s priorities as indicated in the Prime Minister’s 2021 Mandate Letter to the Minister of Indigenous Services to:

“collaborate with Indigenous partners—by working together to close socio-economic gaps and improve access to high-quality services. This includes continuing work to eliminate all remaining long-term drinking water advisories, and closing the infrastructure gap by 2030, with a focus on building sustainable and affordable housing.”¹⁸

4.2 Housing Gaps: Existing and Emerging Needs

In order for the ORH program to be relevant, it must support First Nations in addressing their housing gaps. As such, it is important to understand the magnitude of the existing and emerging needs related to housing on-reserve to ensure the ORH program helps address these needs.

Finding #2: First Nation needs for housing units on-reserve are large and growing.

A 2020 study commissioned by the AFN about First Nations on-reserve housing estimated that 34,000 housing units would be required to meet the on-reserve housing needs by 2025.¹⁹ ISC reported on progress between April 2016 and March 2021²⁰ that, in collaboration with CMHC, a

¹⁷ Retrieved from: <https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-indigenous-services-and-minister-responsible-federal-economic>

¹⁸ Retrieved from: <https://pm.gc.ca/en/mandate-letters/2021/12/16/minister-indigenous-services-and-minister-responsible-federal-economic>

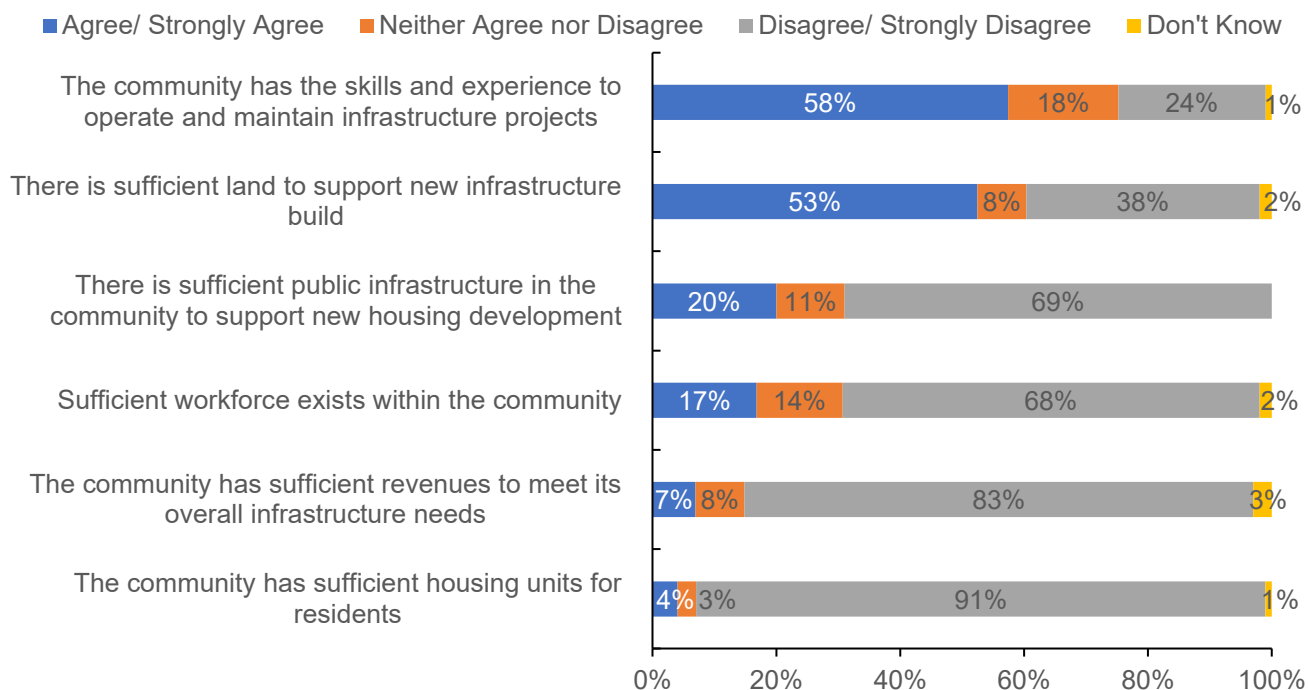
¹⁹ First Nations On-Reserve Housing and Related Infrastructure Needs (2020). Assembly of First Nations. <https://wifn.civicweb.net/document/44632/>

²⁰ ISC Quarterly Report Collection: https://www.gcpedia.gc.ca/wiki/Report_Archive

total of over 22,498 housing units were being built, renovated or retrofitted using targeted funding.

Of the survey respondents, merely 4% agreed that their communities had sufficient housing units. However, the majority of survey respondents agreed that their community had the skills and experience to operate and maintain infrastructure projects (56%) and had sufficient land to support new infrastructure build (53%) (Figure 4.1). This suggests that more than half of First Nation communities have put themselves in a position that prepares them to be more proactive in addressing their housing needs when ORH program funding opportunities arise.

Figure 4.1: Agreement with Current Community Needs



ISC Evaluation Survey 2022 (Question: To what extent do you agree with the following statements about your community? Respondents n=93.)

There was unanimity among interview respondents about the magnitude of existing on-reserve housing needs. Many respondents stated that although First Nations housing issues have existed for decades, they have escalated in recent years to crisis levels. In addition to the growing population of those already living on reserve, respondents also cited the return of band members who were living in cities to their communities due to market rent increases in urban areas across Canada.

Focus group participants noted the need for more housing in their community to meet the needs of growing families.

“The young children, how many homes have young children, and they are just getting by with what they have? ... They need to fix up these homes and get these young people and their children in houses. I am frustrated with the housing situation in our community, we have a lot of families and children living in camping trailers.”

Focus Group Participant

Finding #3: Many First Nation communities do not have sufficient space and/or appropriate land to build new housing.

Many First Nations indicated the amount of land they had available for housing was limited either because of lack of space to build or lack of suitable land to build on. While some First Nations noted they could acquire surrounding land, the addition to reserves process is lengthy and complicated, involving federal, provincial, and municipal governments. First Nation community respondents in BC, Ontario, and Atlantic provinces were particularly likely to indicate that the lack of appropriate land limited their ability to build new housing. Several respondents from these regions noted that the land upon which their reserve was located was unsuitable for construction (e.g. a flood plain, swampy) and required significant preparation to make them suitable to build.

The lack of space to build new homes is also impacted by dilapidated housing occupying suitable land. One ISC regional respondent said that it is important to build new housing on the site of existing housing because, not only does it make the community look better by removing boarded-up houses, but it also allows communities to build new housing on appropriate and available land. Although the ORH program does not cover demolition costs, if the abandoned buildings are on serviced lots, once demolished these lots would be shovel ready for communities to take advantage should funding become available.

Focus group participants indicated that there were many abandoned homes in their community and that this had been an ongoing issue for many years. Some were older homes that had become unlivable because the owners could not afford needed repairs. Others were new constructions that were abandoned before they had been completed.

“I see nice-looking houses that could be fixed up. It makes me angry because someone could be living in that house. I have suggested to people to ask the owner if they are willing to rent out the house, but I do not know how they would get the funding to fix it up. The house could probably be rented to a family, or seniors and elders.”

Focus Group Participant

Finding #4: Sufficient serviced lots and public infrastructure are needed to support new housing development.

Approximately 69% of survey respondents indicated that there was not sufficient public infrastructure in the community to support new housing development. Almost all First Nation community respondents noted challenges with providing serviced lots to build houses. According to some First Nations interviewees, funding received for housing does not always cover the associated services homes need. For example, while funding is provided to connect housing to existing water and wastewater services, it may not cover the costs to bring the water and wastewater piping to the building lot. Funding also does not cover any upgrades needed for water and wastewater plants to support additional housing on reserve. In other cases, First Nation representatives indicated that they also needed to build roads and sidewalks to access the housing lots. The interviewees shared their experiences that the funding for associated services requires a separate application process that is not coordinated with the funding for housing. While some respondents said their communities were able to overcome these gaps by funding these services through other means, a few respondents noted that they have built homes only to have them sit empty until the services can be added.

The lack of serviced lots and the importance of having serviced lots be “shovel ready” when funding for housing becomes available was discussed by most regional ISC respondents and by the AFN. One regional staff said this region has decided to systematically prioritize lot servicing over construction and renovations to ensure when additional funding for construction and renovation is secured, whether it is from ISC or CMHC, the community is ready to build. This example contrasts with the experience of some other regions that expressed disappointment in not being ready for the funding made available through CMHC’s Rapid Housing Initiative,²¹ which required that units be built within a year and thus in practice, required that lots be already serviced.

Finding #5: There is a need for varying types and sizes of units along a housing continuum as First Nation communities struggle to meet the needs of diverse members of their communities, most notably youth, single individuals, single parents, seniors, and those with disabilities or special needs.

With the changing population profile on reserve, there is a need for more diverse types and sizes of housing units, as compared to the bungalow homes with three to four bedrooms that have been predominantly built on reserve.

Some of the needs identified by respondents include:

- Multi-unit one-bedroom houses that would better serve First Nations youth, singles, single parents, seniors, and those with disabilities or special needs;
- Larger homes for multi-generation families;

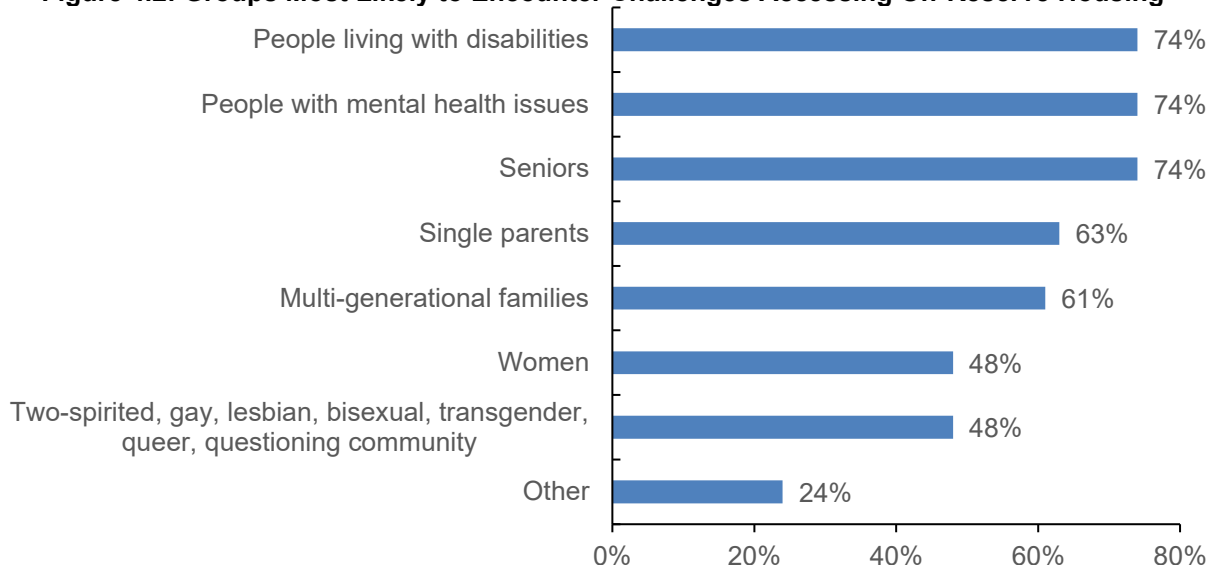
²¹ The Government of Canada, through CMHC, launched the [Rapid Housing Initiative](#) in October 2020. The initial funding for this initiative was \$1 billion to help address urgent housing needs of vulnerable Canadians, especially in the context of COVID-19, through the rapid construction of affordable housing. The Initiative aimed to commit all funds as quickly as possible to ensure housing is available within 12 months of agreements.

- Transitional housing to support community individuals in treatment, isolation, and rehabilitation; and
- Transient housing for professionals working in the communities.

While First Nations decide how and what kind of housing is built in their own communities, respondents from ISC, CMHC, and Indigenous organizations noted that the lack of housing combined with the lack of diversity in size, types, and tenures of housing, with the exception of families (mono-families or multigeneration families), is reinforcing the housing crisis. Some respondents noted that the lack of housing and diversity of housing encourages some people to leave their communities, moving off-reserve. A subsequent outcome of this may be that some will become homeless in cities.

Half of survey respondents indicated they struggled to provide adequate housing to diverse segments of the population in their community. The most frequently mentioned groups not being adequately supported were people living with disabilities, people with mental health issues, and seniors. Other mentions included single adults, people with low income, and homeless individuals (Figure 4.2).

Figure 4.2: Groups Most Likely to Encounter Challenges Accessing On-Reserve Housing²²



ISC Evaluation Survey 2022 (Question: Which of the following housing needs are not being addressed by the On-reserve Housing program? Asked of those who disagreed or strongly disagreed OHR program serves diverse

Others noted that the lack of housing also impacts the ability to attract and retain young professionals to settle in First Nation communities. It has been observed that it is difficult to hire

²² As indicated as a limitation in the evaluation methodologies, despite the fact that the survey question clearly specifies 'On-Reserve Housing Program', the respondents may be responding to support to housing on-reserve in general.

new First Nations graduates who would like to come back to their community to work and hire or retain other professionals. This, in turn, means that there could be some existing capacity lost from the communities due to a lack of proper housing.

Other First Nation respondents were looking to find on reserve solutions to homelessness and safe accommodation for those escaping violence instead of having them leave the reserve.

Finding #6: Despite the evident need to build more types of housing units, some factors contributed to the lack of diverse housing being built on-reserve.

A few ISC respondents said that although the need for building different types of housing other than the current prevailing three-bedroom bungalow is evident, the decision to build certain types of housing lies with each band. First Nation organizations observed that some communities may be reluctant or are not fully aware that they can build more diverse types of housing because they have only ever received funding to build bungalows. Other ISC and First Nation respondents indicated that many First Nation communities have waiting lists and the households that are prioritized are families with children for which the bungalow remains the preferred option.

Other government respondents and First Nation organizations note that the decision on what type of housing to build comes down to the amount of money and timing of the funds— it is easier, cheaper, and quicker to build using known models or off-the-shelf housing designs than to go with innovative or different types of housing. Some First Nation respondents acknowledged that they often have to rely on off-the-shelf housing designs that are not suited to address the specific needs and challenges faced by some community members. Some First Nation respondents indicated that they use the same or similar housing designs from previously funded projects as a means of ensuring their projects will be approved for funding.

Other First Nation respondents noted that it is challenging to get approval for multi-unit one-bedroom homes that would better serve some groups, both from within their band leadership and through ORH program funding. While some reasons for the lack of band leadership support are not directly related to the ORH program such as the belief that multi-unit single-type dwellings detract from the cohesion of the community and their cultural values of togetherness, other reasons connected to the ORH program are the lack of resources to develop targeted housing plans and strategies, thus resulting in more reactive housing management that focuses on urgent issues and does not address the housing needs of all community members.

First Nation community respondents also commented on challenges to retrofitting existing homes to make them more accessible for seniors and those with disabilities or special needs. While some noted that they can access other sources to help fund such retrofits, this presents its own challenges as many funding streams such as those that support health, addiction, and family integration are not aligned with the ORH program. For example, funding may be available to install a lift, but there is no funding for the maintenance of that equipment.

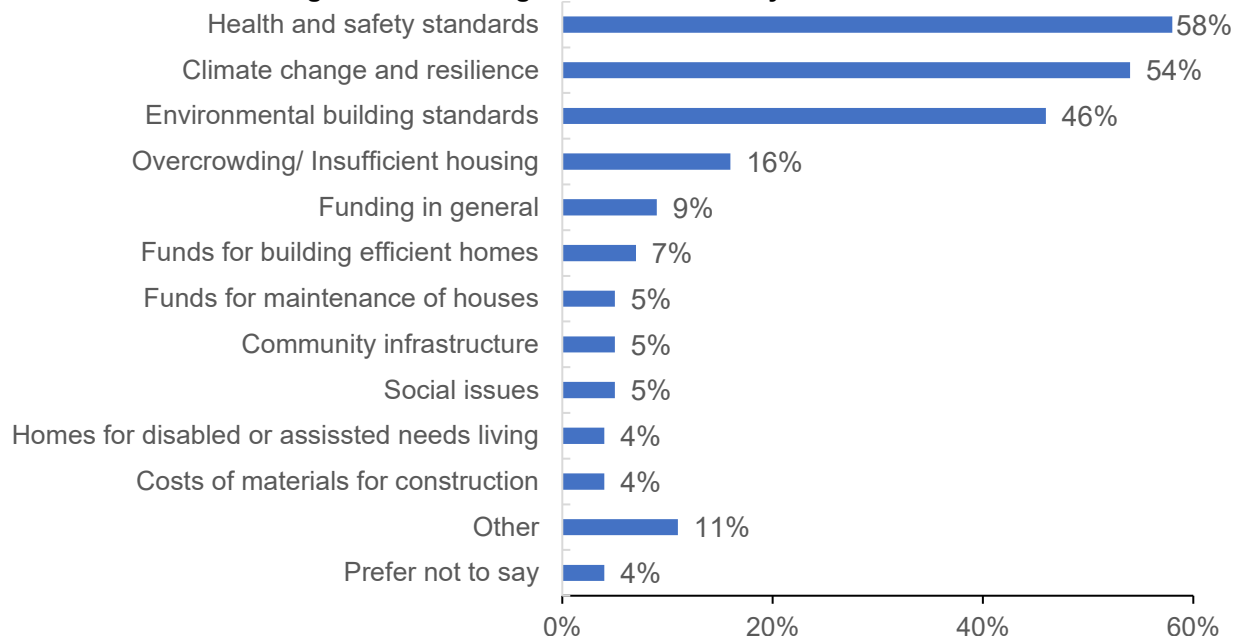
Finding #7: Health and safety standards were identified as a top issue in housing on reserves.

Health and safety standards were the most frequently mentioned needs not addressed for housing on-reserve (58% of survey respondents), followed by climate change and resilience (54%), and environmental building standards (46%). Under the Other Category (11% of respondents), there were mentions of needs not met by the program including poor quality of living conditions, building code requirements, homeownership, and the needs of diverse segments of the community (Figure 4.3).

The issue of health and safety standards not being met could be related to overcrowding situations and their link with the transmission of respiratory illnesses, absence of safe drinking water, lack of proper heating and cooling, and fire protection. Many First Nation respondents noted that the inability to address needed repairs in a timely manner exacerbated health and mental health concerns and increased safety issues including fire hazards.²³ Others noted that living in overcrowded homes can lead to increased incidents of violence and sexual assault. Several respondents spoke of the challenges of separating social issues from housing issues and noted that more needs to be done to find integrated solutions to address these issues as a system.

²³ A 2015 report noted “It is estimated that First Nations people are 10 times more likely to die in house fires than Canadians overall.” Standing Senate Committee on Aboriginal Peoples [SSCAP]. (2015). Housing on First Nation reserves: Challenges and successes, Interim report. Ottawa, ON: Government of Canada. Retrieved August 31, 2022, from: The Canadian Institute of Child Health.
<https://sencanada.ca/content/sen/Committee/412/appa/rep/rep08feb15b-e.pdf>

Figure 4.3: Housing Needs Identified by First Nation²⁴



ISC Evaluation Survey 2022 (Question: Which of the following housing needs are not being addressed by the On-reserve Housing program? Asked of those who disagreed or strongly disagreed On-Reserve Housing program addressed communities' housing needs. Multiple responses are permitted. Respondents n=57.)

Focus group participants cited increased health risks due to reoccurring mould issues in their homes which required costly repairs. In addition, the need to be temporarily displaced while the issue was being resolved caused increased stress and anxiety. Another focus group participant experienced difficulty adapting their home to accommodate family members' physical disabilities and other health issues as they did not have the funds to complete needed retrofits, did not qualify for any funding program, and struggled to secure a loan.

4.3 Existing and Emerging Challenges

In 2018, the Prime Minister requested that officials build on the momentum of the deep dive on long-term drinking water advisories to undertake a similar exercise examining delivery barriers and identifying opportunities to help improve First Nations housing outcomes on reserve. The result of this exercise was the *2019 Deep Dive on First Nations Housing On-Reserve* study.

²⁴ As indicated as a limitation in the evaluation methodologies, despite the fact that the survey question clearly specifies 'On-Reserve Housing Program', the respondents may be responding to support to housing on-reserve in general.

Which included a number of findings presented by the Deep Dive Team on First Nations Housing On-Reserve (including members from the Privy Council Office, ISC and the CMHC²⁵).

Given the importance of the exercise, the key challenges identified by the study for supporting housing on reserve are listed below:

- 1) Longstanding challenges continue for **availability, flexibility, and predictability of funding**.
- 2) **Capacity for housing management**: Communities struggle to fund the critical role of housing managers. This contributes to a shortage of governance capacity for housing management on reserve, and reduces effectiveness of government investments;
- 3) **Lack of clear objectives/target**: Housing and related infrastructure investments are long-term and integrated in nature; but some current funding and program approaches drive short-term and fragmented action rather than collective mobilization by government and First Nations towards shared and well-defined objectives. Roles of government and First Nations are also sometimes unclear to all stakeholders; and
- 4) **Coordination gaps**: Gaps in horizontal coordination of government efforts, and non-streamlined communications and outreach to communities.

The evaluation found similar challenges impacting First Nation communities' ability to address their housing needs, which include the amount of available funding, overcrowding which leads to more rapid deterioration of houses, capacity to manage housing portfolios within communities, increase construction costs and the availability of skilled labor, as well as emerging challenges such as more frequent and severe climate events and the impact of the COVID-19 pandemic.

Finding #8: The ORH program funding has not been sufficient in meeting First Nation housing needs for many years.

While a more detailed discussion with regards to the effectiveness of ORH program funding is discussed later under Effectiveness (Section 5.1), the issue of funding is discussed here more generally as it pertains to the lack of funding for housing as being a challenge for many First Nations.

The amount of government funding available for housing on-reserve is viewed as insufficient by both internal and external stakeholders and First Nation communities. The AFN in partnership with the Institute of Fiscal Studies and Democracy has estimated a need for \$59.4 billion in on-reserve housing to close the housing gap on-reserve by 2040. A subsequent 2022 AFN study further identified the need to be \$135.1 billion. Respondents acknowledge that no one source of

²⁵ The Deep Dive study included a number of findings presented by the Deep Dive Team on First Nations Housing On-Reserve (including members from the Privy Council Office, ISC and the CMHC).

funding for First Nation housing, or even numerous sources combined, can sufficiently address the housing needs of First Nation communities.

For example, the annual amount of funding provided by the minor capital allocation has not been indexed for many years – if the full annual amount is divided by the number of communities that receive it, the money available per community amounts to approximately \$250,000 per year which is not enough to build a single new home. While other government departments such as CMHC also provide funding for on-reserve housing, their budgets are also limited. Although some First Nations supplement government housing funding through own-source revenues and leveraging funds from other sources, many First Nations do not have such revenue streams and/or lack the capacity to access other funding for various reasons which will be discussed throughout this report.

Finding #9: Capacity continues to be a challenge, especially in regard to the housing manager's role, which tends to be over-burdened and without appropriate support.

Many First Nation respondents cited the lack of trained staff and governance issues within their community as the main reasons inhibiting the reform of their housing programs. The need for skilled housing managers, in particular, was mentioned in every group of interview respondents. Too often housing managers are overburdened (which was exacerbated during COVID), low-paid, untrained, and subject to the directive of chief and council. Others cited the lack of tenant relation officers, repair crews and support staff to help administer housing.

Few communities had individuals specifically tasked to develop long-term planning and housing strategies. Respondents were often the only or one of few people responsible for the housing portfolio in their community; many relied on external consultants, tribal councils, and First Nation technical service organizations for support in preparing proposals, reports, and needs assessments, and in hiring inspectors to ensure buildings met construction standards.

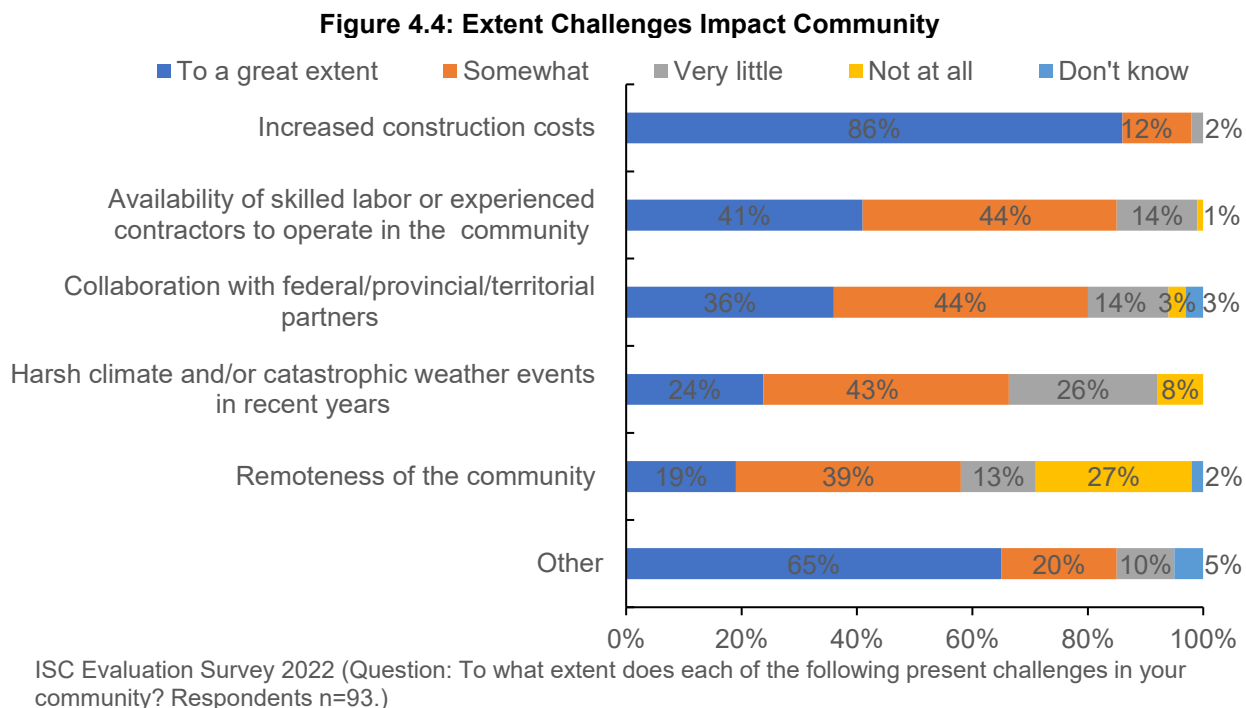
Among First Nation respondents indicating their community's ability to successfully reform and manage their housing, the most mentioned reasons for their success were their ability to develop long-term housing strategies and having the capacity and resources to implement these strategies. Several government respondents indicated that having the capacity to manage housing on reserve is closely tied to the position of housing manager. These respondents explained that the complexities associated with housing management require individuals who are well-prepared and well-trained to meet the demands of the position.

Most respondents indicated that the ORH program should pay for training housing managers and provide for competitive salaries, suggesting that as long as salaries are not competitive, housing managers will continue to leave to work in nearby municipalities which pay better. The FNHPA explained that training for housing managers is money well spent as the training not only prepares an individual for that specific job but also for any "public service" job on reserve. Funded by ISC, the FNHPA has developed a rigorous training program and provides certification for housing managers. The Manitoba region has a pilot program that uses ISC

housing funding to pay for the salary of housing managers on reserve, which has been well received.

Finding #10: Other challenges include increased construction costs, lack of skilled labor within the community, and collaboration with federal, and/or provincial/ territorial partners.

Increased construction costs was the challenge that had the greatest impact on communities. A total of 86% of survey respondents noted increased costs of construction impacted their community to a great extent, and an additional 12% said increased cost of construction somewhat impacted their community (Figure 4.4). Another impactful community challenge was the shortage of skilled labor or experienced contractors within the community (41% of survey respondents said their community was impacted by the shortage to a great extent and 44% indicated they were somewhat impacted by the shortage). Mentions of other community challenges echoed challenges mentioned by interviewees across all categories including lack of funding, lack of suitable land, lack of housing, lack of training facilities, and lack of resources. The degree to which such challenges inhibit communities varies depending on their capacity to manage current housing and plan for sustainable housing over the long-term.



Finding #11: Overcrowding and poorly built homes increase the need for repairs and significantly reduce the lifecycle of dwellings on-reserve when compared with those off-reserve.

First Nation community respondents, particularly those in Saskatchewan, Manitoba, the Northwest Territories, Northern Ontario, and Atlantic Canada, noted that overcrowding is common among houses on reserve, with an average of around eight individuals per on reserve house. The overcrowding adds to the wear of houses and necessitates repairs. Interview respondents noted that houses on reserve do not last as long as houses built elsewhere in Canada due to overcrowding issues, and poorly built homes, which leads to homes having to be rebuilt every 15 years or so, which is far less than homes off-reserve. Many respondents also indicated that to build a home within the approved budget, they use materials that can be of lesser quality and/or materials that are less resistant to the harsh climate they experience (e.g., winter conditions, flooding, and extreme winds).

A 2016 report on housing needs on reserve noted the following indicators for the rate of change in the condition of on reserve housing:²⁶

- The need for minor or major repairs was found to develop between 7 and 12 times more quickly on reserve than off reserve; major repair needs were found to develop about 26 times more quickly on reserve;
- The development of repair needs (minor and/or major) occurs about twice as quickly among band-managed housing, as opposed to rented housing on reserve;
- The data for 2016 suggests that problems with initial construction quality among reserve dwellings continue to be common; and
- There exists a large backlog of renovation needs among reserve dwellings in all provinces/regions.

The 2021 Census indicated that First Nations people living on reserve are more likely to live in crowded housing or a dwelling in need of major repairs²⁷:

- Over one in five First Nations people (21.4%, or 224,280 people) lived in crowded housing in 2021, with 12.9% living in housing with a one-bedroom shortfall, 4.8% living in housing with a two-bedroom shortfall and 3.8% living in housing with a shortfall of three or more bedrooms;
- In 2021, almost one in five First Nations people (19.7%, or 206,845 people) were living in a dwelling in need of major repairs;
- Over one-third of First Nations people with Registered or Treaty Indian status living on reserve lived in a dwelling in need of major repairs (37.4%), almost three times the rate of their counterparts living off reserve (12.7%);
- Nationally, the share of First Nations people living in dwellings in need of major repairs was highest in the Northwest Territories (30.0%) and Manitoba (28.7%) and lowest in Newfoundland and Labrador (8.6%).

²⁶ Clatworthy, S. (2017). *Assessment of Current Housing Needs On Reserve: 2016 Update*. Four Directions Project Consultants. Winnipeg.

²⁷ Housing conditions among First Nations people, Métis and Inuit in Canada from the 2021 Census. Ottawa, ON: Statistics Canada, Catalogue no. 98-200-X. Retrieved from: <https://www12.statcan.gc.ca/census-recensement/2021/as-sa/98-200-X/2021007/98-200-X2021007-eng.cfm>

Finding #12: Challenges exist in establishing a variety of housing tenures such as rentals and private ownership on reserve, which could help address issues in relation to housing maintenance, repair and management.

Having a variety of housing tenure on reserve was seen by several respondents (government, First Nation organizations and communities) as a way to help address some of the housing issues connected with the need for maintenance and repairs and improve housing outcomes. Community members who can afford to own a home should also be able to do regular maintenance and minor repairs on their homes. Charging rent for band-managed homes means some portion of the rent can be set aside for repairs. Homeowners with extra space could take on tenants.

Interview respondents, notably from the First Nations Market Housing Fund and the Société d'épargne des autochtones du Canada, promoted private ownership and private rentals for First Nation residents who can afford it. Several First Nation respondents indicated that their community supported a variety of housing tenures such as social housing, rentals, and private ownership. They also encouraged homeowners and tenants to educate themselves on how to do regular maintenance and make basic repairs to their homes. One community offered one month of free rent each year if the renters maintained the property themselves.

However, First Nation and government respondents observed several challenges with homeownership and charging rent for band-managed housing that impede a wide-spread use of such housing tenure in many First Nation communities. In some communities, there is an expectation among their members that housing is due or free and therefore the leadership are reluctant to charge rent. Other communities are reluctant to set aside funds from social benefits for rent on social housing because individuals in receipt of such funds struggle to make ends meet. First Nation organizations and community respondents noted that progress has been made in this respect and many First Nation communities charge rent for band-provided housing. However, respondents acknowledged that the low incomes of many households on reserve put a real limit to what can be charged.

Respondents across all categories pointed to several challenges around home ownership on reserve including issues around obtaining insurance and the fact that existing housing cannot be used as collateral to obtain loans from a financial institution. Obtaining insurance, which is required for some government funding streams and bank loans is extremely difficult for First Nation homeowners. Many reserves do not have fire hydrants, which results in unfeasible insurance rates (upwards of \$40,000) if they can get insured at all. As a result, the band must take on the loan, which creates more barriers to homeownership as not all bands are willing or have the capacity to carry the housing loans for their members.

Finding #13: Climate change is increasingly and negatively impacting housing on-reserve; however, there is currently no proactive and consistent approach in housing planning and design taking into consideration infrastructure resiliency to address and mitigate these impacts on communities.

The impact of climate change and resilience on housing were identified as another need for housing on-reserve (54% of survey respondents)²⁸. Climate change has increasingly become a challenge for First Nation communities. Several First Nation community respondents reported that climate change was having an impact on the lifespan of their housing. Homes built with materials of lesser quality are less resistant to extreme weather conditions.

The level of awareness and experience of the effects of climate change varies across the country; with the more prominent effects observed in the western provinces and in remote, northern communities. Across the country, climate change effects experienced by First Nation communities and mentioned by interview respondents include forest fires, flooding, bank erosion, permafrost melting, heat waves and zoonotic changes (i.e. ticks and Lyme disease, mosquitoes and West Nile virus).

Not only does climate change decrease the lifecycle of housing, but climate change also impacts new construction. While building standards are changing to respond to climate change (to ensure climate resiliency), respondents noted that the funding budgets have not sufficiently increased to accommodate these higher costs. Areas impacted by floods and fire require more preparation to ready the land for construction, which requires separate funding. Northern communities that rely on winter roads to bring in their construction materials noted that climate change has reduced the time in which they can use the winter roads, further limiting the amount of housing that can be added to the supply.

ISC respondents indicated that ISC has no proactive and consistent approach to address climate change impacts on reserve. They also noted the lack of alignment between ISC and existing energy efficiency funding programs from other federal agencies, the provinces, and public utilities. Many First Nation and government respondents stated that community plans need to consider infrastructure resilience. For example, plans should include clearing up flammable biomatter forests and long grasses from around communities, developing housing away from riverbanks or seashores, replacing houses that risk being washed away, and planting trees around houses to create shade. Many respondents also noted the need to include energy efficiency in the design, construction and renovation of existing housing units and for equipment that would mitigate the effects of climate changes, including housing with elevated foundations or crawl spaces, windows with screens, and air conditioning.

One example of a community's use of innovative building systems to develop more resilient housing is in Fort Severn. This community received funding that allowed them to build duplexes that can withstand changes in permafrost and maintain a solid foundation. For this innovation,

²⁸ As indicated as a limitation in the evaluation methodologies, despite the fact that the survey question clearly specifies 'On-Reserve Housing Program', the respondents may be responding to support to housing on-reserve in general.

the First Nation was the recipient of the 2020 Housing Recognition Award from the First Nations Housing Working Group.²⁹

Finding #14: The COVID-19 pandemic has illustrated the existing link between overcrowding and respiratory illnesses and posed additional challenges in meeting housing needs on-reserve.

Survey respondents detailed how the COVID-19 pandemic has impacted their communities with 58% indicating that COVID impacted their community to a great extent and a further 25% saying the pandemic somewhat impacted their communities.

For most, the pandemic exacerbated the need for housing as there were:

- Limited space for isolation;
- Delays to construction projects and housing repairs due to supply chain issues and lack of workers (due to sickness and the inability to bring in workers from outside of the community under lockdown orders);
- Increases in the prices of materials and workers also drove up their costs;
- An increase in the number of members requesting to move back to the reserve to assist families impacted by COVID and because they had lost their jobs;
- Increased prevalence of mental health issues; and
- Additional wear on housing as household members spent 24 hours a day in their house for prolonged periods.

Several First Nation respondents indicated they closed their communities to non-residents as a measure to prevent wide-spread community infection due to their overcrowding issues. Community closure also meant that ISC and CMHC regional staff stopped visiting First Nation communities, which created certain delays, notably at ISC, with service transfer promotion and other projects.

The majority of interview respondents mentioned that COVID illustrated the existing link between overcrowding and respiratory illnesses. In turn, this highlighted the importance of having transitional housing commonly referred to as “swing space” for people who need to isolate during a pandemic or for other reasons. Although some communities did receive a few isolation units, respondents noted that more thought could have gone into the type of units employed. While they were intended to be temporary, some commented that if the units were better equipped to handle northern climates or to be used long-term, they could have been repurposed as permanent housing once the crisis had passed. A few respondents noted that not only can they not re-purpose the units, but they also cannot properly dispose of them, adding to environmental issues.

²⁹ First Nations Housing Conference 2020. <https://firstnationshousingconference.com/community-housing-recognition-awards/>

5. FINDINGS ON EFFECTIVENESS: PROVIDING BETTER SERVICES AND CLOSING THE INFRASTRUCTURE GAPS

The evaluation examined the extent to which the ORH program has been effective in supporting First Nation communities to construct or acquire housing in their communities, develop the capacity to manage their housing, and have the information they need to allocate resources to manage their ISC-funded housing within established health and safety standards. The evaluation also looked at the effectiveness of the funding approach, oversight and support of program delivery, including the FNIIP process.

The evaluation finds that the ORH program has delivered numerous housing units and projects to First Nations communities and helped meet some needs and address infrastructure gaps on-reserve; however, the reliability and sustainability of these units could not always be ensured due to funding constraints and program design. Moreover, the CFMP's overarching objectives of maximizing the lifecycle of assets, mitigating health and safety risks and ensuring assets meet applicable codes and standards were not fully achieved.

5.1 Achieving Results

Finding #15: Despite funding limitations, the ORH program supported numerous housing projects and has helped address some infrastructure gaps in First Nation communities.

A 2019 ISC assessment of current housing needs on reserve estimated a need to support 79,000 housing units across First Nation communities; 58,000 existing housing in need of major repairs and 21,000 new builds.³⁰

ISC reported on progress on investing in Indigenous community infrastructure between April 2016 and March 2021:³¹

- \$987.9 million targeted funding was invested to support 2,761 housing-related infrastructure projects: 21,585 projects completed; 1,176 projects ongoing; 608 First Nations communities benefitting;;
- In collaboration with CMHC, ISC was supporting the construction, renovation and retrofit of a total of 22,498 homes, of which 10,070 were delivered under ISC (6,190 homes completed and 3,880 in progress): 2,041 new unit constructions and 4,149 renovations and retrofits completed;
- In addition to new builds and renovations, First Nations were in the process of acquiring and servicing 1,323 lots, of which 868 were completed and 455 in progress. As well, 1,037 housing-related capacity development and innovation projects in First Nations

³⁰ ISC Collaboration to Address First Nations Housing Needs (as of December 31, 2020).

³¹ Government of Canada website. Investing in Indigenous community infrastructure webpage. www.sac-isc.gc.ca/eng/1526995988708/1526996020578#housing

communities were supported, with 647 projects completed and 390 underway, benefiting 605 FNs.

However, the majority (61%) of survey respondents involved in the ORH program indicated the program did not respond to the need for housing in their community. A greater proportion of survey respondents located in Saskatchewan (79%) and Alberta (70%) noted that the ORH program did not respond to their communities' needs compared to 64% of B.C. survey respondents and 54% of Ontario survey respondents.³² Additionally, fewer than one-third (32%) of survey respondents agreed that overall the ORH program helped address housing gaps in their community (Figure 5.1). Government respondents also indicated that the ORH program has only partially achieved its objective of building new housing units and renovating housing needing major repairs.

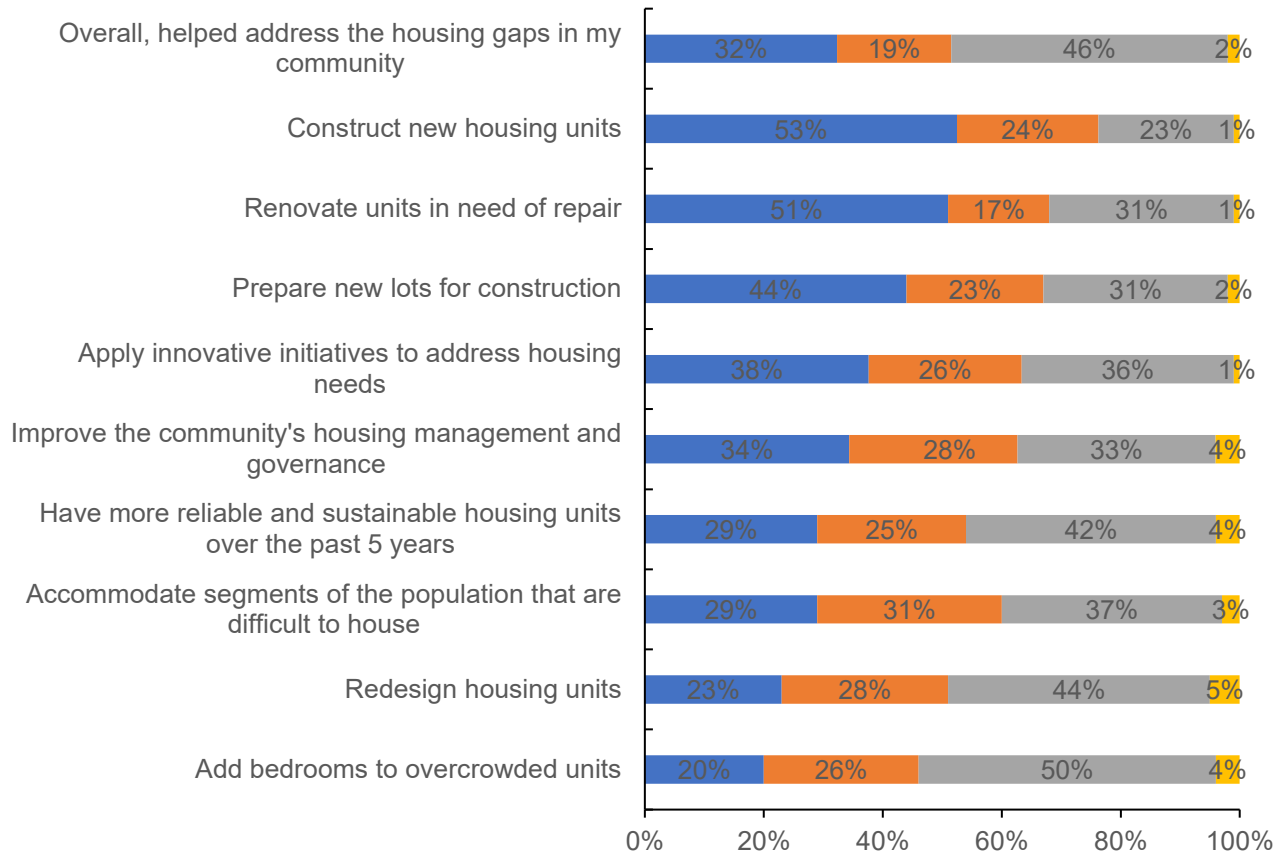
Despite not viewing the ORH program as fully meeting community needs, survey respondents agreed that the program helped their community address five of nine defined housing gaps, including helping communities (Figure 5.1): construct new housing units; renovate units in need of repair; prepare new lots for construction; apply innovative initiatives to address housing needs, and improve the community's housing management and governance.

³² Other regions had total responding of less than 10 which are too unreliable to report as a percentage. The majority of respondents in the Northern and Atlantic regions indicated a neutral response.

Figure 5.1: Extent On-Reserve Housing Program Has Helped Community

■ Agree/ Strongly Agree ■ Neither Agree nor Disagree ■ Disagree/ Strongly Disagree ■ Don't Know

The On-Reserve Housing program helps my community to:



ISC Evaluation Survey 2022 (Question: To what extent do you agree with the following statements? The On-reserve Housing program helps my community to... Respondents n=93.)

Finding #16: While the funding helped address some urgent housing needs, the scope of the ORH program is insufficient to fully address housing gaps in First Nation communities.

ISC respondents affirmed that targeted funding had helped many First Nations address some urgent housing needs. For example, one First Nation respondent noted that the funding allowed them to complete urgent repairs on about 90% of their band-managed homes. However, housing gaps were too great and the scope of the program too modest to meet housing demands in most of the communities. First Nation respondents noted that if they were successful in obtaining funding, the amounts received only supported a few new builds per year and were insufficient to address major housing repairs. In addition, other costs that are directly

tied to building and maintaining housing are not always sufficiently funded, such as the costs to service the lots or to demolish existing housing.

With respect to the extent to which the ORH program has supported First Nations communities, survey respondents disagreed that ISC supported their community to:

- maintain housing on an ongoing basis (51%),
- design and construct housing units (42%),
- have the information needed to allocate resources to manage housing (40%),
- identify housing needs (40%), and
- develop housing plans (38%).

Comments provided by survey respondents about why they felt their community was not being supported centered on overcrowding issues and the high demand for housing, unrealistic funding amounts given rising materials and construction costs. Moreover, while the ORH program can support lot servicing and program communications state that communities are expected to seek other sources of funding other than through the ORH program, some survey respondents expressed dissatisfaction with available support in relation to lot servicing and the fact that communities having to look elsewhere and/or use own sourced revenue to build and maintain housing.

Finding #17: Despite the overall satisfaction for the ORH program being low, many viewed the quality of the ORH program services offered by ISC as having improved over the past five years.

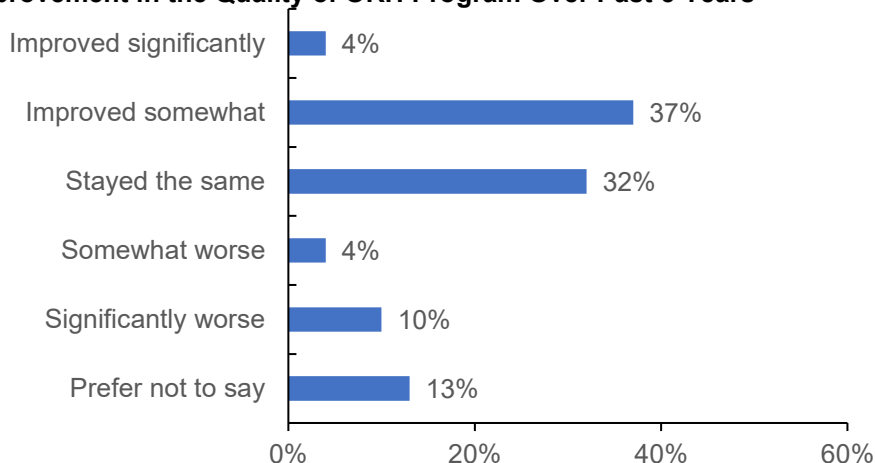
The overall satisfaction with the ORH program as indicated by the survey was low, with 42% indicating they were dissatisfied and only 28% indicating they were satisfied with the program. A greater proportion of respondents from Saskatchewan were dissatisfied with the ORH program than respondents from other regions (62% vs. 60% Alberta, 43% B.C., 27% Ontario).³³ Reasons for the low level of satisfaction with the ORH program included an acknowledgment that the funding provided is helpful but not sufficient to meet housing needs, communities having to build cheaper houses that deteriorate faster, and having to use own-source revenue or divert funding from other departments to address housing issues.

However, more survey respondents (approximately 41%) stated that the quality of the ORH program services offered at the community level had improved over the past five years, while 32% said the quality had stayed the same, and 14% noted it was worse than five years ago (Figure 5.2). Reasons for increased quality included: having increased control over construction, design, and labor; and the ability to leverage additional funding. Reasons for decreased quality included: a lack of human resources to address housing needs and manage housing; increases

³³ Other regions (i.e., Manitoba, Quebec, Atlantic and Yukon) have total responding of less than 10 which are too unreliable to report as a percentage.

in the cost of living and construction costs; lot development being sufficiently funded; and growing demand for housing.

Figure 5.2: Improvement in the Quality of ORH Program Over Past 5 Years



ISC Evaluation Survey 2022 (Question: How has the quality of the On-reserve Housing services offered at the community level changed over the past five years or so, has it... The Total may not add to 100% due to rounding. Respondents n=93.)

5.2 Program Design and Delivery

Finding #18: The current ORH program funding model and allocation cycles limit the ability of First Nations communities to build more housing units – predictable, sustainable and flexible funding is necessary to support more long-term and strategic planning.

Virtually all interview respondents indicated that the A-base funding or minor allocation funding is too limited in scale. Several respondents pointed out that A-base funding has not been increased in decades and that in their experience this funding limits the number of housing units that can be built. As a result, the ORH program has been relying on time-limited B-base funds through budget announcements over the years, which was seen to be a 'band-aid' solution that addresses the most urgent gaps but is not predictable and sustainable. Both First Nation and government respondents stated that this funding model is constraining and it does not allow for long-term planning.

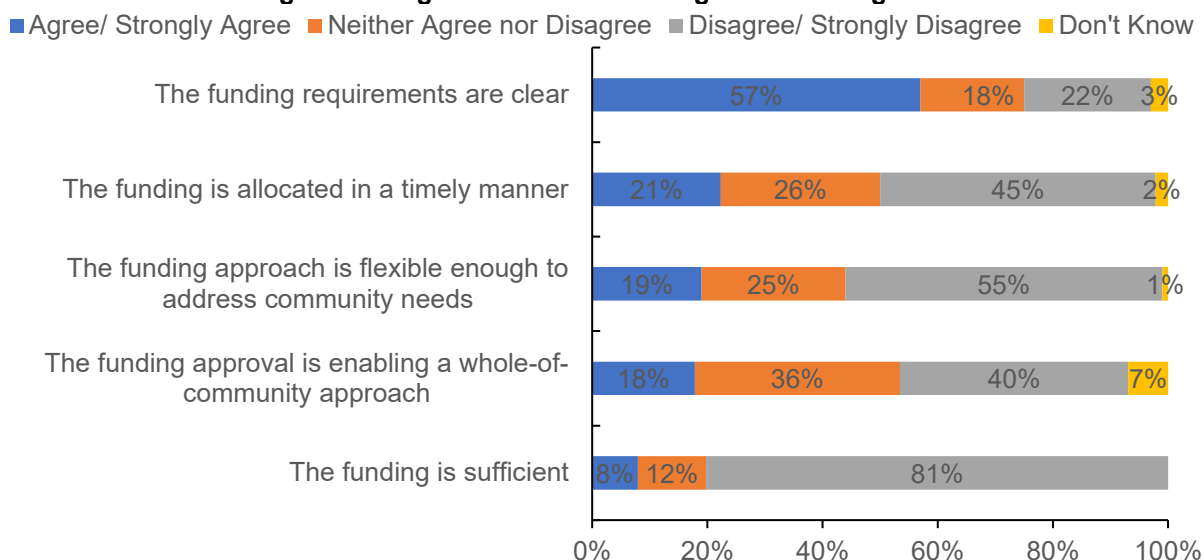
The majority of respondents supported committed, long-term, flexible funding so that communities can plan strategically, including plans for how to acquire funds from a variety of revenue sources (such as rent and other own-source revenue) to finance housing and related infrastructures, and a healthy mix of tenures. Many interviewees suggested the funding be for twenty years or more to reflect the lifecycle of an infrastructure, otherwise it disincentivizes communities from developing strategic plans and realizing the maximum values for investments.

While being passed shortly beyond the evaluated period, it is important to note that the AFN Special Chiefs Assembly resolution 12/2021 was regarding support for closing the infrastructure gap by 2030, which urged the federal government to commit to sustained long-term funding over the next five to fifteen years. Resolution # 18/2022 re-affirmed the need for long-term predictable funding and for the government to “transition the insufficient housing and infrastructure investment commitment timeframes of 5 to 10 years to long-term commitments of 25 to 30 years or more to provide on-going, predictable, and sustainable funding.”

Funding Allocation Cycles

When being asked whether the funding allocation is timely to address community needs, 21% agreed as compared to 45% who disagreed (see Figure 5.3). Several interviewees noted that funding can be ill-timed in relation to their construction season causing delayed or postponed projects. Infrastructure projects are dependent on building seasons, which could vary among communities depending on their location. For example, communities that are easily accessible or located in southern regions of the country would prefer to receive funding in early spring so they can begin projects immediately. Northern communities require funding mid-winter so they can move materials using the ice roads and are prepared to begin construction when the ground thaws. This could help explain the split of opinions of survey respondents.

Figure 5.3: Agreement with Funding for ORH Program



ISC Evaluation Survey 2022 (Question: The following questions are about ISC funding for the On-reserve Housing program. To what extent would you agree with the following statements? Respondents n=93.)

The current funding allocation aligned with the federal government’s fiscal cycle, where annual funding approval and regional allocation take place towards end of March or early April, does not necessarily allow for optimal timelines for construction, and the impacts are most evident in

remote communities. For other in-year approved projects, funding could arrive in the regions anytime during the year. ISC staff also indicated that for new Budget funds, funding could be allocated to regions later than March-April. Both internal and external interviewees noted that the timing of funding can be a challenge as funding could be allocated late in the construction season when communities receive their funds.

Related to the timing of funding are the timelines for spending the funds. First Nation respondents noted that they are in principle required to spend their funding within a given period, usually within the fiscal year in which funding is received. Although the Department is permitted to carry forward eligible lapsing funds to future years, the decision must be assessed on a case-by-case basis, which could limit First Nations ability to spend in a timely manner. Moreover, delayed receipt of funds impacts project timelines and therefore it cannot always be spent within the specified timelines. Communities must then request extensions to expand the timeline for spending the funds, which in turn can impact reporting timelines and can jeopardize future funding approvals if reporting is submitted late.

Finding #19: The current ORH program funding process through FNIIP is effective for identifying projects, but not for funding them; the prioritization criteria being used in the FNIIP process do not sufficiently consider public health and environment-related standards and considerations.

First Nation respondents were divided as to the effectiveness of the FNIIP.³⁴ Many indicated that the FNIIP was effective for identifying projects. Some First Nation respondents used the FNIIP five-year plan to guide their longer-term planning. One respondent noted that the five-year plan helped keep their community's housing planning on track; identify areas of housing that will require attention before they become bigger issues, and establish goals for future projects.

However, many First Nation respondents indicated that their FNIIP was ineffective in getting projects funded. They likened the FNIIP to a 'wish list'. Some expressed frustration with having projects remain on the list for years that may never be funded. One respondent noted that they use the FNIIP solely as a planning tool and do not expect that a project listed on the FNIIP will get funded. Moreover, some First Nation respondents indicated that the FNIIP, while useful for new projects, was not effective for planning upgrades or housing repairs. Program recipients also raised issues in relation to FNIIP prioritization criteria, justification and transparency around funding decisions. Some shared having to complete the FNIIP yearly but not receiving any explanation from ISC for the reasons why they did not get funding.

³⁴ A few First Nation respondents that were new to their position indicated they were not familiar with the FNIIP.

“First Nations do not really plan well beyond the first year because they don’t have any indication that they will get funding the following year, so the best they can say is what I need next year without expecting it to be funded. That is the weakness of the FNIIP.”

External Interviewee

Access to EPHO services to support service standards can mitigate risks for housing, water, wastewater systems and public buildings. EPHO bridge infrastructure and health outcomes by promoting public health standards, and monitoring and preventing public health risks at all stages of infrastructure planning, design, construction and operation. As compared to EF or OCI, the importance of EPHOs to identify issues related to public health and other safety issues is more evident for the ORH program, given that housing units are not subject to Asset Condition Reporting System (ACRS) inspections, which identify asset deficiencies in relation to health and safety. In addition, consistent climate-informed infrastructure standards and mapping over 20 to 40 years are urgently needed, especially for remote communities where risks to health are more prominent as a result of climate change. These considerations are not systematically integrated in infrastructure planning for programs to remain relevant in responding to community needs and the changing environment.

Finding #20: While the formula-based funding requirements were mostly viewed as clear, the cost reference manuals and formulas cannot always keep pace with the dynamic costs of housing construction and maintenance; In terms of the proposal-based approach, a number of challenges were identified in accessing housing funds through the process.

The majority (57%) of survey respondents agreed that ORH program funding requirements were clear. Internally, ISC respondents viewed the processes and procedures for minor funding allocation as appropriate and the allocation of A-base funding from NCR to the region’s objective using criteria of population, size, community needs, and the well-being index. While ISC uses updated Maximum Unit Prices to estimate costs in collaboration with the CMHC, many First Nation respondents noted that available funding does not reflect the current costs of construction and materials. Some respondents reported having to revise their housing designs and purchasing inferior materials to build houses within the funding received. Respondents in remote locations noted that costs to bring materials into the community have significantly increased further impacting their housing budgets.

While the majority of community respondents indicated that they understood the processes and procedures for A-base funding allocation, many expressed concerns in accessing proposal-based funding which requires complicated and time-consuming applications. Respondents indicated that the proposal-based approach is fundamentally inequitable as it creates a bias toward more organized, wealthier communities that can afford to pay consulting firms to develop proposals. Moreover, some First Nation reported that often the timeline to apply for funding was too short, making it more difficult for communities with limited capacity to access funding. Others stated that the notice of funding is sent only to their chief who may not forward it to those responsible for housing in a timely manner. These respondents stated that ISC should make

greater efforts to invite other staff such as CEOs and housing managers into conversations about funding announcements to ensure notices are sent to those who will be preparing a response.

Many reported that funding for new projects can be withheld for incomplete reports or failure to submit reports on previous projects. This holding back of funds creates significant barriers for communities struggling with capacity issues. Often the person completing the report has little knowledge about the project or experience with completing such reports. If the report is deemed incomplete or requires further clarification, it may take months to resolve, further tying up resources. Some First Nation respondents noted that they were permitted to re-submit if their original proposal was not successful; however, they were given little feedback on how to improve their proposal and often were still unsuccessful. Some respondents suggested that it would be helpful if ISC provided workshops around preparing reports that will meet with ISC's satisfaction. The proposal-based funding allocation approach was also viewed as not reflecting the First Nation care and control principles by some as communities are dependent on how ISC staff review their proposals and prioritize the allocations.

Finding #21: The O&M amount received for housing is not sufficient in conducting necessary repairs and maintenance; The continuous lack of O&M funding reduces the maximum lifecycle for housing units on reserve.

First Nations communities can use A-base funds provided annually by the Department. A-base funding has remained static over the years, which means fewer maintenance dollars are available per housing unit. First Nation respondents indicate that the funding cannot cover their backlogs of repairs, especially major repairs. A lack of regular maintenance due to the backlogs, compounded by wear and tear from overcrowding, poorly built homes and worsened weather conditions, resulted in the lifespans of housing on-reserve far shorter than housing elsewhere in Canada. For example, some estimated housing on-reserve needed to be replaced every fifteen years or so. Further, due to limited infrastructure funding, some communities used O&M funds to build or renovate housing units, which further contributes to the lack of repairs.

The A-base support provided by the ORH program does not allow First Nation communities to properly maintain their housing units, leading to increased health and safety issues. Several interviewees noted that the ORH program is unable to achieve its expected outcomes of healthy and safe homes primarily due to budget constraints. Many interviewees shared that First Nations who have the capacity and are wealthier put money aside for O&M that allows them to do the maintenance and complete repairs, but those with less capacity, experience, and money use the totality of their funding to build new units or renovate those in need.

While a few First Nation respondents indicated that they have received emergency funding to help repair homes after events such as storms and floods, it is one-time funding that does not address the ongoing wear. In addition to lack of funding, training and capacity development in operation and maintenance were indicated as a gap by many interviewees.

Finding #22: ORH program funding allocations varied across regions; the flexibility helped increase the effectiveness of service delivery.

The effectiveness of the ORH program funding varied among First Nation communities given the flexibility across the regions in their approaches to allocating funding and the extent to which communities were successful in their bids for proposal-based funds. While ISC staff indicated there was no universal method used by the regions for allocating annual funding, many agreed that having some regional flexibility increased the effectiveness of service delivery.

Some regions do not use proposal-based funding allocation:

- **Yukon and Alberta regions** asked for applications³⁵ that were reviewed using regionally developed priority frameworks and ISC experts to determine priorities and allocations.
- In the **Atlantic region**, all First Nations were asked to produce a housing plan to be eligible to receive funding; however, the allocation of funding was based not on the plan but rather on a formula considering population size and remoteness level.
- **Saskatchewan** did not use requests for proposals, reasoning that every community needed the funding. They tried unsuccessfully to come up with the “perfect formula.” After consulting with First Nations in the region, and failing to reach a consensus, regional staff used population size and remoteness to allocate funding.
- Likewise, **British Columbia** did not request proposals either because of the large number of small communities in that region. Regional staff noted that asking for a proposal would add costs to the process, which would be unfair to these small nations. As the expected amounts to be received were small, the allocation was based on a population formula.

A few regions have used a proposal-based approach with varying degrees of success:

- **Ontario** used a proposal-based approach in 2016 but dropped that approach in 2018.
- **Manitoba** has been combining I-base funding with the targeted proposal-based funding using a proposal-based approach. However, for the next budget iteration, this region is considering splitting the total amount (A-Base and proposal-based targeted funding) in two with the first half distributed equally among their 63 nations and the other half divided up using a population-based formula.
- The **Quebec region** released a call for proposals under five themes for the targeted investments. This region employed a tripartite committee made up of ISC and CMHC employees and the local AFN to decide the priorities and allocations. The committee prefers “strategic” investments such as lots servicing and capacity building initiatives over “shorter-term wins” such as new constructions and renovations.

³⁵ Yukon First Nations submitted applications through the ICMS system.

5.3 Performance Data and Data Systems

Finding #23: In reporting on the achievement of the program, performance data is mostly at the output level; Alternative performance measurement approaches were proposed to measure the success of the infrastructure investment on reserve more effectively by integrating a wellbeing or human rights centred lens.

Currently, the ORH program reports on results using data such as number of housing units built and amount of funds spent. While these data are useful in demonstrating the scale of investments and implementation efforts, they are not fully corresponding to what communities and partners view as the most appropriate way of measuring success in relation to housing outcomes and closing the infrastructure gaps on-reserve. Moreover, by reporting on the numbers of units built at the output level does not demonstrate to what extent the program has achieved its outcome by providing reliable and sustainable housing to First Nations communities, given the early deterioration of housing on-reserve.

During the evaluated period, the Performance Information Profile for housing on-reserve had not been updated since 2018 and there were no defined indicators for all immediate outcomes, i.e. ISC has the information it needs to make strategic decisions and First Nation communities have the information they need to allocate resources to manage their ISC-funded housing within established health and safety standards; and First Nation communities are supported in managing their housing. For the Performance Information Profile indicators that were being tracked, not all years were available.

A few ISC respondents noted that improved data collection of existing metrics would result in a clearer picture of the effectiveness of the ORH program. Interviewees from the Quebec region across all categories of interviewees suggested that ISC's focus on outputs such as units built or renovated constitutes a disincentive for communities to invest money into long-term planning and capacity enhancement. Several respondents suggested that other "forward-looking" metrics should be collected such as structural changes including capacity, subdivision and lots serviced, a cultural shift towards private ownership, and community long-term housing plans.

Canada's Federal Housing Advocate, Marie-Josée Houle, suggested during the 2022 First Nations Housing Forum to go beyond the numbers of units built and apply a human-rights-centered approach, which values participation, non-discrimination, equity, transparency, empowerment and respect for human rights and obligations. Similarly, the IFSD has proposed implementing a wellbeing-centered housing and infrastructure performance measurement framework by assessing service level performance. According to the IFSD, applying the wellbeing lens to infrastructure helps transform the First Nations infrastructure investment narrative from focusing on fixing legacy issues to a holistic system-wide approach on-reserve.

Finding #24: Despite the existence of a number of systems (such as the ICMS and the Grants Contributions and Information Management System) to track projects, housing units, conditions and financials, data availability and reliability remain as issues.

ISC respondents consistently commented on the lack of housing data and up-to-date housing performance measures. The housing cost reference manual and funding formulas use data from the ICMS to determine A-base funding allocations. More accurate ICMS data could help the program to better assess and update the A-base funding formula. With these in place, the program would offer allocations better reflecting the current cost of housing construction and repairs.

Data availability and sufficiency were identified as an issue by both internal and external respondents. Many (government and First Nation) noted that the current extent of infrastructure gaps was unknown or under reported due in part to lack of available data on the condition and needs of First Nations infrastructure. Some indicated that the ICMS does not capture sufficient data on infrastructure projects.

Consistency was raised as a concern in relation to data entry into the ICMS and interpretation of the various fields in the ICMS among users. As projects are self-reported by First Nations, regions must enter the data they receive from First Nations into the ICMS. While regional officers make every effort to ensure accuracy when entering project information into the ICMS, their interpretations of certain fields and requirements may vary, as there is not a set of specified definitions associated with these fields. This created inconsistency in data entered not just among regions but also users in the same region, which resulted in discrepancy on project data and unreliability in reporting. Moreover, regional practices vary on what to enter into the ICMS, with some entering only funded projects into the ICMS, others entering all project proposals. Further, during the evaluated period, limitations existed on verifying the accuracy of the data entered into the ICMS. While data review takes place at the national level on a quarterly basis, data entry and verification mostly took place at the regional level. Finally, regions indicated the challenge of obtaining data from First Nations in the first place, which could be delayed by one to three years in some regions and the received data could be missing or incomplete.

During the evaluation data collection, the evaluators learned that some features were not available in the ICMS for tracking projects to certain causes. For example, impacts of projects in strengthening resilience to the effects of climate change could not be measured due to a lack of tagging ability for projects. Also, ISC staff noted the extent to which A-base funding contributes to the achievement of intended program outcomes could not be sufficiently measured as there was no performance information related to A-base funding. There was also deficiency in linking the financial system and the ICMS, the example of which was provided under section 3.3 Challenges and Limitations of this report.

First Nation respondents expressed their desire that ISC should streamline their reporting processes. For example, using an online system whereby new data can be entered or updated and feed into the reports would help ease the reporting burden for First Nations.

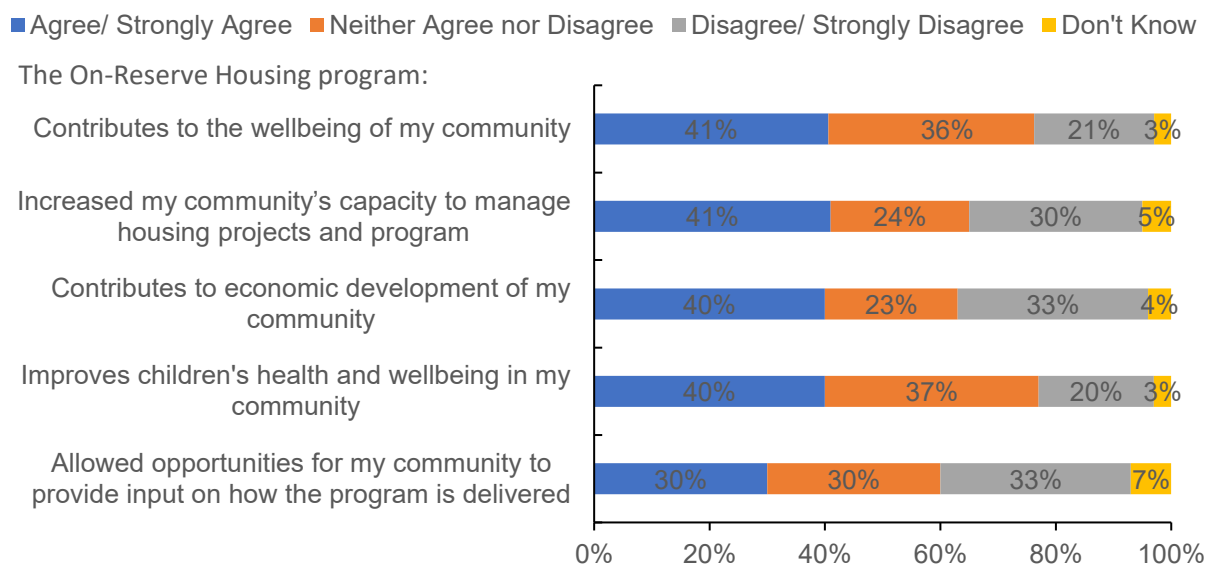
5.4 Unintended Outcomes

The evaluation collected information in relation to unintended outcomes, which are other outcomes in addition to the expected program outcome for housing, i.e. Indigenous peoples have reliable and sustainable housing.

Finding #25: The ORH program provided increased employment and training opportunities as well as social and economic impacts within the community, and the housing units built increased community pride.

Both interviewees and survey respondents acknowledged additional benefits to the communities as a result of the ORH program. Overall, survey respondents were more likely to agree than disagree that the ORH program positively impacted most social and economic aspects of their community (Figure 5.4).

Figure 5.4: Agreement with Social and Economic Impacts of On-Reserve Housing Program on Community



ISC Evaluation Survey 2022 (Question: To what extent do you agree with the following statements? Respondents n=93.)

The most frequently mentioned positive unintended impact of the ORH program was the employment opportunities created for community members. Many respondents indicated that construction and maintenance projects funded by the program helped to support construction workers and licensed tradespeople living on reserve. Larger communities noted that they have on reserve construction firms that serve as general managers to oversee their housing projects and use local workers, which in turn retains more of the economic impact within the community. Some First Nation respondents noted that the funding also helped to provide training to housing

staff who were members of the community, thus increasing their skills, knowledge, and capacity. One respondent noted that having such employment opportunities improves the quality of life for their community members.

Another positive outcome is the increased pride community members have when new construction and upgrades are done in their community. One respondent noted that members of their community are excited to see new construction and become more engaged as witnessed by an increased number of band members submitting applications for housing and wanting to become homeowners. Another respondent noted a growth in community spirit as a result of new construction. They also observed that children who attend school and share sports activities with non-Indigenous children were now more likely to want to have their off-reserve friends come to visit their homes.

Finding #26: Other unintended outcomes included impact on the quality of the housing units built as a result of short-term investments, additional costs for projects as a result of COVID-19 and innovative practices in the communities.

A few ISC respondents indicated that the rush to build provoked by short-term investments may have negatively impacted the quality of the units built. A CMHC respondent suggested that sudden, large influxes of funding at once put lots of pressure on First Nations to build quicker and cheaper, which meant that these units would most likely need repairs sooner. Also, as a result of COVID-19, many projects were delayed (“some projects were abandoned right then and there” said one informant) and required additional costs to complete.

Some First Nation respondents indicated that the lack of sufficient funding forced them to develop alternative solutions to their housing needs. These innovations included educating community members on home maintenance, providing loan programs for members to become homeowners, seeking community input on housing solutions, and getting leadership support for long-term planning.

6. FINDINGS ON EFFICIENCY: BETTER WAYS IN DELIVERING THE PROGRAM

The evaluation assessed the extent to which the ORH program demonstrated efficiency and economy. The findings suggested that while the program has implemented initiatives to generate more efficiency in program delivery, opportunities exist in improving cost-efficiency and generating more value for money through more integrated planning based on lifecycle asset management principles, applying a whole-of-community approach based on the unique needs and realities of the communities and taking more proactive and preventative measures in repairs and maintenance of investments.

6.1 Alignment with Other Programs and Departments

Finding #27: While there is collaboration with the CMHC, the ORH program is mostly delivered without integration with other government programs or initiatives addressing housing on-reserve, which created inefficiencies.

Under ISC's ORH program and CMHC's housing program, communities have the ability to stack funding or to coordinate funding from one program in advance of receiving funding to complete a housing project (e.g., funding for lot servicing before funding to build houses). This feature was viewed as beneficial in seeing more funding for housing on-reserve. However, a number of government and First Nation interviewees indicated that it required additional efforts to coordinate these stacking activities.

Respondents suggested that efficiencies could be gained among the various infrastructure programs, for example, by coordinating funding approval for developing the infrastructure required to service lots with funding for the construction of houses on these lots. Many stated there should be better planning and communication between federal departments. A few ISC and government respondents promoted a federal "one-window approach" for grants and contribution funding through which First Nations could apply. A few First Nation respondents have called for a First Nations housing agency to facilitate the planning and coordination of housing and infrastructure related funding among ISC initiatives and other federal departments.

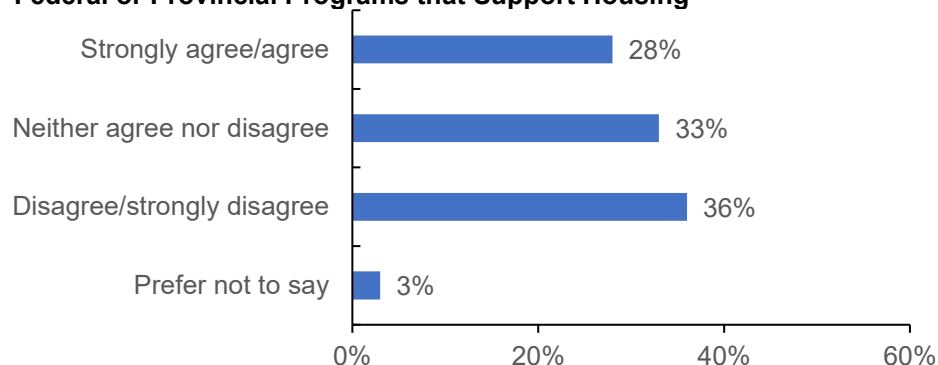
In delivering the housing programs, there's some alignment between ISC, CMHC and provincial housing agencies although regional practices vary. For example, one respondent pointed to the tripartite committee in Quebec that consists of representatives from ISC, the CMHC, and AFN-QL to address housing issues; however, in some regions, there was hesitation in involving other provincial housing agencies due to concerns of being excluded from funding opportunities if communities did not support these organizations.

First Nation respondents from Ontario, and B.C. reported accessing funding through provincial programs; however, they noted that these programs were also siloed and not well aligned with the federal ORH program. The experience seems to vary much from one province to another, with some provinces willing to cooperate and others not at all, even in cases where a certain

issue should theoretically be their responsibility. It appears that there is a tendency for provincial governments to consider anything that has to do with First Nations as under ISC jurisdiction.

A total of 36% of survey respondents disagreed that the ORH program delivery is coordinated with other federal or provincial programs that support housing on-reserve (versus 28% that agreed) (Figure 6.1).

Figure 6.1: Agreement with Extent On-Reserve Housing Program is Coordinated with Other Federal or Provincial Programs that Support Housing



ISC Evaluation Survey 2022 (Question: To what extent would you agree that Indigenous Services Canada's On-reserve Housing program delivery is coordinated with other federal or provincial programs that support housing on-reserve? The Total may not add to 100% due to rounding. Respondents n=93.)

Reasons for disagreement included: no comprehensive programs to address housing issues; no provincial programs to be accessed; and lack of communication between and within governments. Reasons for agreement included noting that combined efforts with all levels of government is necessary, the ability to include green energy initiatives when creating housing plans, and the ability to coordinate funding with CMHC.

Finding #28: The asset-focused and project-based approach in delivering the ORH program without systemic integration with other asset areas under the CFMP has not only resulted in more administrative burdens on First Nations but also lost opportunities to better support them in addressing the needs and priorities identified by their communities from a whole-of-community lens.

Currently, the planning and approval of housing projects do not take into consideration infrastructure investments in other sub-assets under the CFMP, in particular Other Community Infrastructure, Water and Wastewater, and education facilities. This has resulted in instances where housing was built without proper enabling features funded under the OCI, e.g. connecting roads, sidewalks, electricity, in which case the housing units could not be used immediately in a safe and effective manner. The administrative burdens are on First Nations to request for funding for projects under various sub-assets which were not guaranteed to be approved at the same time.

Many interviewees (First Nation and government) agreed that infrastructure siloes should be broken down to support logical and holistic community infrastructure planning. Such an approach would lead to better outcomes for all community infrastructure programs and realize greater cost efficiencies in the long term. A universal sentiment expressed was that all community infrastructure assets are interrelated. For example, off-site infrastructure (such as lighting, roads and sidewalks, energy systems) is needed to support housing.

Although the relationship between housing and outcomes such as health, education, and employment are well known, it has not been demonstrated for the program. Several First Nation respondents spoke of the challenges of separating social issues from housing issues and noted that more needs to be done to find integrated solutions to address these issues as a system. A few respondents both from ISC and Indigenous organizations discussed the need to consider housing in a more holistic manner in terms of its connections to other infrastructures, and health, education, social services, and economic development.

6.2 Asset Management Planning and Lifecycle Approach

Finding #29: Cost-efficiencies in the ORH program were not fully achieved due to accelerated housing deterioration as a result of the use of lesser quality materials and insufficient repair, as project approval decisions tend to opt for the lower-costs options rather than based on long-term asset management planning.

Asset management is tied to long-term capital planning as it considers lifecycle maintenance costs and timelines. Asset management was raised by many respondents as crucial in assessing the condition of housing, estimating costs for repairs and upgrades, and accommodating community growth to facilitate planning to extend the lifespan and value of housing units. Many respondents noted that the lack of asset management planning, in particular in relation to maintenance and repair costs, has prevented housing units from reaching their expected lifespans due to early deterioration, which in turn makes the delivery of housing in First Nation communities less efficient.

Moreover, due to budget limitations, the communities opted to use lesser quality materials that do not withstand the effects of local climate and the increasing effects of climate change, which has further reduced the efficiency of housing funding as homes experience accelerated deterioration. Many First Nation respondents indicated that making their housing programs cost-effective required long-term housing plans. Such planning included a needs assessment and up-to-date data on the condition of their housing inventory (i.e., asset management). This planning allowed communities to build in efficiencies and to develop a proactive approach to housing management as opposed to managing crisis situations.

Some First Nation respondents commented that while they try to find less expensive materials and cheaper energy sources for construction (e.g. oil-fired furnaces), these workarounds often result in added costs for maintenance and repairs. Other First Nation respondents pointed that the funding they received does not cover the actual costs to build the homes, which means that

communities may opt to build less expensive housing that is often unsuitable for the environment.

One example of the lower-cost option was the use of prefabricated homes. A few ISC respondents indicated the use of prefabricated homes as being inefficient, as although First Nation communities can get their homes faster, prefabricated homes may not withstand harsh climates thus leading to rapid deterioration, more repairs, and the need to rebuild sooner. The use of prefabricated homes also does not support the training and retention of local First Nation youths and other community members within First Nation communities.

Finding #30: There is a lack of a cohesive approach towards capacity building for housing management and asset management, which inhibits the efficiency in delivering housing outcomes. Investment towards staff capacity building on housing management and asset management was seen as an efficient use of housing funds.

Many First Nation respondents cited the lack of trained staff as the main reason inhibiting the reform of their housing programs and in turn making their programs less efficient or cost-effective. They noted that the lack of tenant relation officers, repair crews, housing managers, and support staff to help administer housing meant they were less focused on efficiency as they were struggling to manage housing. Many communities relied on costly external consultants for support in preparing proposals, reports, and needs assessments, and in hiring inspectors to ensure buildings met construction standards.

According to representatives from the FNHPA, communities employing trained housing managers with the capacity in applying asset management principles realized more efficiency in delivery their housing program. Continued focus on developing the capacity for housing management was suggested as an efficient use of housing funds.

Interviewees from both the FNHPA and ISC regional offices raised concerns in relation to the lack of a cohesive approach towards capacity building for housing management. While some regions such as Atlantic, Quebec, and Ontario have increased their capacity for managing housing, Western Canada is experiencing a higher turnover of housing managers and behind on housing capacity development. They suggested that a focus on training cohorts of housing professionals recognized for their skills and experience would be an efficient use of funding. They also noted that ensuring these professionals are well-paid would help ensure they remain in First Nation communities and not seek higher-paying positions in other communities.

Respondents associated with tribal councils and housing technical organizations acknowledged an increase in support programs and services designed to develop community capacity to manage housing; however, they indicated that more could be done to help train housing managers within their communities. Some noted that while funding may be available to provide skills training and capacity building, not all can take advantage of these opportunities given their workloads that limit their ability to attend training, especially, to attend training for which they would need to travel. A few respondents suggested that a program similar to the Circuit Rider

Training Program implemented in the Water and Wastewater Program that provides community-located training for operating, monitoring, and maintaining drinking water and wastewater systems be developed to train housing managers and staff.

6.3 Other Cost-efficiency Practices and Observations

Finding #31: Some cost savings have been realized through bulk purchasing and contracting multiple builds with the same contractor by the communities.

Several First Nation respondents indicated that they have found cost savings through the bulk purchase of materials and using the same consultant/contractor for multiple projects to negotiate better rates. Some found savings in contracting jobs to local workers instead of having these workers on the band's payroll. Some First Nations indicated they have partnered with organizations such as Habitat for Humanity to reduce costs. However, some ISC respondents cautioned that practices such as using the same contractor for several housing projects either within the same community or among several communities could have undesirable effects in that some professional firms could take advantage of this and end up charging more for their services than if they had been selected through a Request for Proposals.

Finding #32: High turnover of staff, both ISC staff and First Nation communities, results in inefficiencies due to loss of capacity and additional efforts by First Nations.

First Nation community and organization respondents observed that the high turnover of both First Nations and ISC staff has hindered their ability to deliver their housing programs. The high turnover of First Nation staff means that communities must invest additional effort and funding to train new staff, which results in less efficient management of housing as there are fewer staff to respond to the housing demands of their community. ISC staff turnover impacts First Nation communities as knowledge and lessons learned are not always transferred to new staff. Several First Nation respondents indicated that the time spent developing relationships with ISC staff and helping them to understand their community's housing situation and unique needs is lost when the ISC staff leave, and they must begin anew with other ISC staff.

The high turn-over of ISC staff in infrastructure programs was raised by many First Nations respondents (including partners and communities), which was viewed as an inefficient management practice of infrastructure programs as there was no sufficient knowledge transfer following the departure of staff. Based on an assessment of the staffing numbers across the three programs (including both NRC and Regions)³⁶, the data reviews that there has been a total of 829 counts of turnovers, including both new hires and departures from 2016-17 to 2020-21 (Table 6.1).

³⁶ Due to regional set-ups in delivering programs, where housing, education facilities and other community infrastructure can be placed in the same organization, the HR data is not available for a specific program.

Table 6.1: Staff Hiring and Departure Across the ORH, EF and OCI Programs 2016-17 to 2020-21

Turnover	Fiscal Year	Q1	Q2	Q3	Q4	Total
Hiring	2016-17	9	14	27	20	70
	2017-18	20	18	7	10	55
	2018-19	16	16	22	41	95
	2019-20	29	44	22	49	144
	2020-21	19	12	9	11	51
Departure	2016-17	10	6	8	9	33
	2017-18	14	26	10	6	56
	2018-19	10	13	37	32	92
	2019-20	35	37	44	27	143
	2020-21	40	20	15	15	90
Total Turnover	Five-year	202	206	201	220	829

Source: ISC Human Resources reporting

Finding #33: Some noted that the program was cost-effective as many First Nations identified housing costs borne by their communities that could be considered by ISC to include in the ORH program.

While being covered under the ORH program, due to funding limitations, some communities have to prioritize over some projects that are directly tied to building and maintaining housing, such as the costs to service the lots or to demolish existing housing. As a result, First Nations communities need to seek additional funding elsewhere or share those costs in order to access the ORH program funding, which means the communities without the financial resources are often unable to effectively leverage the funding.

While First Nations communities are expected to secure funding from other sources for their housing needs including shelter charges and private-sector loans under the ORH program, 61% of survey respondents provided examples of housing related costs borne by their community that were not covered or sufficiently covered by the ORH program, including:

- Development of funding proposals;
- Hiring of architects and engineers;
- Purchase of suitable lands;
- Covering increases in construction costs and supplies;
- Paying staff wages and inspections; and
- Retrofits to units to support seniors and individuals with special needs.

First Nation respondents agreed that preparing proposals for funding was a complicated and time-consuming process, often requiring months to prepare and with costs incurred that are not reimbursed if the proposal is unsuccessful. While some respondents indicated they had the capacity in-house to develop strong proposals, many relied on external consultants, tribal councils, or other service organizations to help them complete proposals.

Some First Nation respondents noted that they receive their funding in installments and often must pay for things upfront that will be later reimbursed; however, this creates a strain for communities that do not have own-source funding. One respondent indicated that they look to their social or health departments for funds to retrofit homes or make repairs.

7. SUPPORTING SERVICE TRANSFER: FUTURE OF THE PROGRAM

To support the ISC mandate of transferring services to Indigenous organizations, the evaluation examined the progress made in relation to transfer of the ORH program, collected challenges and best practices, and identified additional support required by First Nations partners and communities.

Finding #34: As ISC continues its efforts to support service transfer of on-reserve housing, there appears to be limited awareness among First Nation communities of ISC's initiatives to support engagements and institution building in relation to service transfer.

ISC has been supporting First Nations-led organizations since 2017 to engage with First Nations and develop housing and infrastructure service delivery models that suit the needs and priorities identified through these engagements, while recognizing and implementing the inherent right to self-determination. The focus of the work is to create new models for First Nations service delivery. ISC has committed \$108.9 million (until 2025-26) under the CFMP authority to support engagements and institution building related to transferring housing and infrastructure services.³⁷ To date, the housing-related transfer initiatives and proof-of-concept projects include:

At the national level:

- The First Nations Infrastructure Institute, an Indigenous-led initiative that will support Indigenous communities and organizations to plan, procure, own and manage their infrastructure assets on their lands, was funded to develop models for policy and training, as well as procurement and project management standards.³⁸

At the regional level:

- The First Nations Housing and Infrastructure Council of British Columbia is developing a scope and service delivery model to transfer housing and community infrastructure in BC;
- In Alberta, the Blackfoot Confederacy Tribal Council is engaging on housing and infrastructure service transfer within the Blackfoot Confederacy Nations (Siksika, Pikaniai, Blood Tribe);
- In Saskatchewan, the First Nations Capital and Infrastructure Agency of Saskatchewan signed a framework agreement with ISC. The organization is in the interim operations phase prior to transfer and their model covers all housing and community infrastructure;
- The Chiefs of Ontario are developing an approach for the Ontario Regional First Nations' Housing strategy as part of the housing and related infrastructure transfer initiative; and

³⁷ Government of Canada website. Transferring infrastructure service delivery to First Nations webpage. Retrieved from: <https://sac-isc.gc.ca/eng/1575318593525/1575318624018>.

³⁸ The First Nations Infrastructure Institute is an Indigenous-led initiative that will support Indigenous communities and organizations to plan, procure, own and manage their infrastructure assets on their lands. The Institute will be fully operational once it has been established through an amendment to the *First Nations Fiscal Management Act*. It is expected that the process will commence in 2022. <https://fnii.ca/faq>.

- The Confederacy of Mainland Mi'kmaq is engaging with its eight member First Nations on a service delivery model for housing and infrastructure services.
- The Union of Nova Scotia Mi'kmaq is in the initial engagement, scoping, and model development phase for delivering housing and infrastructure services.

Despite these initiatives that have taken place over the past few years, multiple First Nation community and organisation representatives indicated that their communities were not aware of any ISC initiatives related to service transfer. It was noted that engagement related to service transfer was not at the individual First Nation level but with groups of First Nations (e.g., tribal councils) and First Nation associations (e.g. the First Nations Infrastructure Institute). One interviewee suggested that this lack of awareness at large may come from the fact that ISC Minister and senior management have not talked publicly about service transfer and that the ISC website contains little on the topic.

When being asked their satisfaction level regarding ISC's efforts to transfer the ORH program, survey respondents provided a mixed view, with 36% of survey respondents being neutral as compared to those who were satisfied (33%) or dissatisfied (27%). Reasons for satisfaction with efforts to transfer delivery of the ORH program to First Nation communities included: the community has more control; the ability to create partnerships with other organizations and programs; and communities have staff that can administer the housing program. Reasons for dissatisfaction included: restrictive government policies; ISC retaining controls over financial decisions; and lack of building capacity within the community.

Finding #35: While First Nations communities are at different stages in service transfer, the vast majority are not in a position to assume control of their housing program; While many have begun to take steps to prepare for service transfer, they indicated the importance of meeting the right conditions before taking control.

The extent to which First Nation communities indicated they had the capacity to operate a housing program varied among respondents. Some respondents indicated that they were in the process of or had completed agreements to transfer the delivery of the program to their community and were confident their community had the capacity to successfully manage their housing portfolio. Some respondents' communities have already accessed programs related to housing management and programs for the training of housing inspectors. Several smaller and remote communities stated that they were not in a position to take control of the program as it would require additional resources.

According to ISC staff, regional variances also exist and that while some communities are well-positioned for service transfer, other communities are not. It was suggested that service transfer will need to be customized and cannot be rushed. Other government respondents indicated that some regions, in particular Quebec, are focused on creating the right conditions (e.g. sufficient long-term funding in place) before transferring control of housing services.

According to the respondents, the right conditions include: 1) having the capacity to manage housing, 2) having reliable and sustainable funding, and 3) addressing the existing housing conditions. While many First Nation respondents were supportive of having control of their

housing portfolio, they were adamant that they were not interested in taking ownership of the program as is. They stress that the government should provide sufficient funding to address housing gaps prior to transferring the program to communities.

Despite not being in a position to completely take control of their housing program, many First Nation interviewees indicated that they had taken steps to increase their capacity to manage housing, including establishing processes for approving applications, requesting repairs, and long-term planning.

Finding #36: To help First Nation communities be better positioned to take control, additional support for housing and infrastructure professionals, as well as community leadership, is paramount.

Respondents overwhelmingly agreed that to better position First Nations for service transfer, additional funding and support were required for capacity development and strategic planning. According to them, such support should include funding to hire additional housing staff and to train both new and existing staff. A few respondents suggested that core funding be provided for an extended period (such as five to ten years) to better support housing managers as they take on these new responsibilities.

“Capacity funding is the link in the chain that prevents more progress for communities.”

External interviewee

Provided by 69% of survey respondents, suggestions of additional support communities would require in order to fully deliver and manage the ORH program include: 1) funding for hiring housing managers, inspectors, and support staff; 2) training for community housing managers, inspectors, and support staff; 3) community education about how to be a responsible homeowner; and 4) long-term planning and infrastructure stability.

In terms of areas of training, some subjects were indicated:

- Housing management;
- Maintenance management;
- Financial management;
- Project management;
- Data management;
- Strategic planning;
- Report and proposal writing;
- Housing inspectors;
- Tenant relationship officers;
- Mentorship program to assist those new to their roles and to support their capacity development.

The training and capacity building for community leaders were also raised by some respondents, given the importance of community leadership in the process of service transfer. The appropriate training could support the leaders in managing their housing portfolio, maintaining the housing stock and applying better building practices, as well as financial and human resources more effectively. The focus group participants noted that the First Nation governance cycle was too short to effectively help the community – a four-year cycle similar to that of non-Indigenous governments would be more effective for their Council as opposed to the current two-year cycle.

Finding #37: Some best practices were observed or suggested to support service transfer.

When asked to describe best practices around service transfer, some First Nation participants mentioned having qualified band staff to manage housing portfolios, support of the chief and council, and a long-term strategic housing plan. Other respondents mentioned the use of regional hubs or agencies that support communities to take control of their housing and manage housing on behalf of multiple communities. The ability to create partnerships with supporting organizations such as tribal councils and technical service organizations in taking steps for service transfer were welcomed among most respondents.

Respondents across several categories (i.e., government, First Nation organizations, and communities) stressed that First Nations must find ways to support increased revenue into their housing programs to make it sustainable, whether it is through the introduction of rents or the injection of their own sources of money. Many First Nation community and organisation respondents asserted that there is an increased awareness and understanding in First Nations that additional revenues are needed, and many do it while confirming that not all First Nations “are there yet”. The need for First Nations to find other ways to support increased revenue is a step towards assuming control of their housing programs.

Finding #38: To help improve the ORH program delivery and advance its service transfer, the AFN provided additional observations and suggestions with a focus on further collaboration and co-development as part of the continuous reform for the ORH program.

To address the housing challenges on-reserve, the Government of Canada collaborates with Indigenous partners on long-term approaches to address current and future gaps. A Joint Working Group made up of representatives from the AFN, the Chiefs Committee on Housing and Infrastructure, ISC, CMHC and Infrastructure Canada currently serves as the primary mechanism to support housing co-development efforts.

In addition to information provided through interviews with the AFN, which was used to support the various findings throughout the evaluation report, the AFN has also suggested several areas for further collaboration and co-development through the Joint Working Group:

1. Develop ORH program funding models to align with and support the implementation of the jointly developed National First Nations Housing and Related Infrastructure

Strategy (adopted by the AFN Chiefs-in-Assembly in 2018), which includes jointly exploring the development of a long-term First Nations housing financing package, considering the AFN estimates of \$135.1 billion required to close the housing infrastructure gap by 2030;

2. Consider the housing and infrastructure needs of smaller, more remote and less well-off First Nations and those that are not reserve based (e.g. most Dene First Nations) in developing funding arrangements;
3. Improve support for First Nations' housing human resources, including providing funding for housing managers' salaries as a first step, which would facilitate the effective transition of the care, control and management of housing to First Nations;
4. Incorporate principles outlined in Jordan's Principle, Joyce's Principle and the *United Nations Declaration on the Rights of Indigenous Peoples Act* and the associated *UN Declaration Act Action Plan 2023-28* in delivering ORH program and services;
5. Develop a new ORH program performance measurement framework and its associated standardized set of performance indicators to track progress in closing the housing gap, to assess progress on each of the four pillars outlined in the National First Nations Housing and Related Infrastructure Strategy, and to assess broader ORH program impacts on First Nations community wellbeing, all while respecting First Nations rights to data governance.

8. CROSSCUTTING FINDINGS: INFRASTRUCTURE PROGRAMS AS A WHOLE

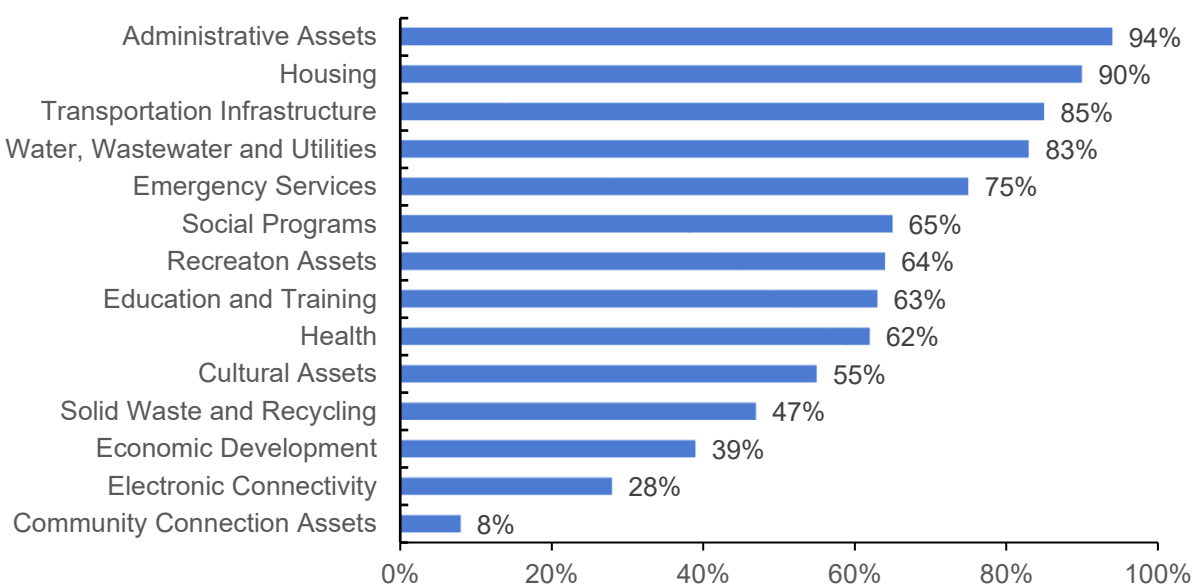
The evaluation of the ORH program was conducted simultaneously with the evaluations of the EF program and the OCI program. While each evaluation resulted in findings specific to its program, the findings across the three evaluations illustrate the similarities of the challenges being faced by programs and First Nations communities and the interlinkages among the programs that are integral to take into consideration as a whole in closing the infrastructure gaps.

Crosscutting Finding #1: In terms of needs and challenges, the infrastructure programs are facing similar challenges in meeting the needs of First Nations communities and addressing the infrastructure needs on-reserve across infrastructure categories, i.e. housing, education facilities and other community infrastructure.

While all three programs are dealing with emerging and additional challenges in meeting communities' needs as a result of COVID-19 and climate change, as well as population growth on-reserve and the growing needs of diverse segments of the communities, a few sustaining key challenges were experienced across the three programs in relation to funding, capacity development, data systems, and ISC staff turnover.

According to an exercise undertaken by ISC's regional offices throughout 2022 to work with First Nations leadership across the country to identify their community-specific infrastructure needs that would contribute to closing the infrastructure gap in their communities and help improve the overall health and wellbeing of community members, Housing, Transportation Infrastructure (such as roads/bridges), Emergency Services (including fire protection), Recreation Assets, Education and Training are all among the top needs identified (Figure 8.1).

Figure 8.1: Community Demand by Infrastructure Category



Source: First Nations input provided to ISC in 2022

Despite experiencing similar challenges, regional variances exist in implementing the three programs. Financial data show that over the five-year evaluated period from 2016-17 to 2020-21, the Atlantic region received the least for all three programs (due to smaller population base and existing self-governing agreements that fund infrastructure) as compared to Ontario and Manitoba, which topped the expenditures.

Table 8.2: Program Expenditures Across Regions from 2016-17 to 2020-21 (in \$)

Region	ORH	EF	OCI
ATL	51,140,036.85	62,533,810.77	164,595,158.72
QC	143,678,612.00	96,690,238.00	211,519,812.00
ON	394,999,647.13	414,519,648.01	671,638,317.40
MA	445,647,541.68	546,662,956.93	518,075,220.30
SA	247,939,882.25	279,458,695.83	247,280,192.18
AB	243,188,661.16	359,727,203.30	351,751,211.81
BC	217,398,242.58	102,189,604.00	423,727,692.69
HQ	13,165,947.02	15,864,489.94	27,712,026.13
Total	1,757,158,570.67	1,877,646,646.78	2,616,299,631.23

Source: ISC HR reporting

Crosscutting Finding #2: In terms of implementation, the infrastructure programs have been delivered in silo and the interlinkages among the programs are not sufficiently considered and integrated in the planning and approval of the infrastructure projects through the FNIP process across the various sub-asset categories. This resulted in loss of efficiencies and missed opportunities to better meet communities' needs and achieve better health and safety.

Currently, the planning and approval of infrastructure projects through the FNIP process is per each sub-asset and do not take into consideration investments in other sub-assets under the CFMP. This has resulted in instances where housing or education facilities were built without proper enabling features funded under the OCI, e.g. connecting roads, sidewalks, electricity, fire safety features, in which case the housing or education facilities could not be used immediately in a safe and effective manner. The administrative burdens are on First Nations to request for funding for projects under various sub-assets which were not guaranteed to be approved at the same time.

In addition to infrastructure-related outcomes, community infrastructure also has cross-over impacts on health and social outcomes, as well as general community well-being. The current programs do not prioritize public health to preventatively address health and safety concerns. In integrating public health into community infrastructure planning, it would make the program and overall health spending more efficient. For example, funding environmental public health officers through the infrastructure program would realize better health and safety outcomes. Further, co-developing more appropriate health indicators with First Nations could better support infrastructure planning and project ranking.

Crosscutting Finding #3: In terms of achieving results, the infrastructure programs have not fully achieved their expected outcomes of providing reliable and sustainable infrastructure to First Nations on reserve due to a lack of long-term asset management planning using a lifecycle asset approach.

As specified in the 2016 CFMP Program Manual, life cycle analysis is required in the feasibility study for each proposed option to reflect the total costs in relation to the management of an asset, including construction, operation, maintenance, major maintenance and disposal. However, currently, the operation and maintenance activities and costs are not funded when a new asset is to be built. Also, as all three programs are using a project-based approach, for minor capital projects, First Nations need to seek approval for the maintenance and repair work associated with the asset separately through the FNIIP process after the construction is completed. For O&M activities, as it is formular-based and that the formular has been dated, the funds may not reflect the actual needs of the work. Due to a lack of funding for operation and maintenance, as well as the backlog of repairs, this resulted in some assets not getting the necessary maintenance and repair in a timely manner, which resulted in their early deterioration.

Asset management is crucial in assessing the condition of infrastructure assets, estimating costs for repairs and upgrades, and accommodating community growth to facilitate planning to extend the lifespan and value of infrastructure. Having a fully developed asset management plan would allow First Nations communities to outline what is needed to manage the asset, including the required funds for human resources to operate and maintain community assets, and the adequate support to protect investments and uphold the health and safety of community assets.

Crosscutting Finding #4: In terms of measuring results, the infrastructure programs have been reporting data at the output level. The success of infrastructure investments should also be assessed from the socioeconomic and wellbeing lens to better assess the progress in closing the infrastructure gaps.

The infrastructure programs currently report on results using data such as number of projects and amount of funds spent. While these data are useful in demonstrating the scale of investments and implementation efforts, they are not fully corresponding to what communities and partners view as the most appropriate way of measuring success in relation to community infrastructure outcomes and closing the infrastructure gaps on-reserve. Moreover, by reporting results at the output level does not demonstrate to what extent the program has achieved its outcome by providing reliable and sustainable community infrastructure to First Nations communities, given the lack of repair and maintenance.

Canada's first Federal Housing Advocate, Marie-Josée Houle, suggested during the 2022 First Nations Housing Forum to go beyond the numbers of units built and apply a human rights centered approach, which values participation, non-discrimination, equity, transparency, empowerment and respect for human rights and obligations. Similarly, the IFSD has proposed implementing a wellbeing centered housing and infrastructure performance measurement framework by assessing service level performance. According to the IFSD, applying the wellbeing lens to infrastructure helps transform the First Nations infrastructure investment narrative from focusing on fixing legacy issues to a holistic system-wide approach on-reserve.

Crosscutting Finding #5: In terms of service transfer, the infrastructure programs are exploring options in reforming their ways of delivering the services and programs to First Nations as part of Canada's commitment to closing the infrastructure gap by 2030, which will support service transfer.

To meet the Government's commitment to close the infrastructure gap facing Indigenous communities by 2030, significant changes are required to provide First Nations communities with tools to advance community priorities and allocate funding accordingly. The AFN proposed a number of resolutions during their 2021 and 2022 Annual General Assemblies related to infrastructure and urged the federal government to commit to sustained long-term funding over the next five to fifteen years. Resolution 18/2022 re-affirmed the need for long-term predictable funding and for the government to "transition the insufficient housing and infrastructure investment commitment timeframes of 5 to 10 years to long-term commitments of 25 to 30 years or more to provide on-going, predictable, and sustainable funding."

Recognizing the barriers existing within its infrastructure programs, in particular the asset-by-asset approach through targeted investments and siloed programming, ISC has been working with First Nations to create the conditions needed to facilitate long term funding and First Nation self-determined infrastructure service delivery. Starting in spring 2023, ISC will engage with First Nations on ways to improve how infrastructure programs are delivered on-reserve. This builds off the work that the Department started in 2022, when ISC engaged with First Nations to identify infrastructure gaps.

The progress made following the reform of infrastructure programs will support the transfer of infrastructure services and programs. Building on the service transfer initiative already in place, ISC is partnering with First Nations organizations to advance First Nations self-determination in housing and community infrastructure. With funding from ISC, First Nations organizations will determine new models of service delivery, including infrastructure services, that meet their own diverse needs, priorities and approaches.

9. CONCLUSIONS AND RECOMMENDATIONS

Although significant investments have been made by the ORH program to address housing gaps on reserve, the program did not fully address the needs in First Nation communities. Such needs include the increasing demand to support First Nations communities in relation to servicing lots, public infrastructure and diverse community needs in supporting new housing development, and to address health and safety standards. The impacts of climate change, COVID-19 and population growth on reserves have placed additional pressure on program delivery. Moreover, a few sustaining key challenges were experienced by First Nations communities in relation to funding, capacity development, data systems, and staff turnover.

In relation to program effectiveness and efficiency, areas of improvement exist in the design and delivery of the ORH program to better support the achievement of the expected outcomes, i.e. to provide reliable and sustainable housing to First Nations. Many housing units may not meet health and safety standards as a result of overcrowding, poor construction and maintenance gaps. The asse-focused and project-based approach funded through time-limited sources resulted in inefficiencies in maximizing ISC's investments and missed opportunities to better serve the First Nations communities. The current planning and prioritization process for housing projects through the FNIIP does not sufficiently and systematically consider factors identified as gaps by First Nations, such as public health and environment, climate change and accessibility, which are essential in achieving the outcomes associated with the CFMP.

Finally, as ISC continues to explore alternate funding models and options for service transfer to provide longer-term funding and help build capacity among participating First Nations and move them closer to assuming control of their education facilities, it is important to raise more awareness about service transfer and its initiatives among First Nation communities to serve that purpose.

Based on the evaluation's findings, it is recommended that ISC:

1. Better support community-led infrastructure planning and prioritization to meet First Nations' needs:
 - 1.1 Review and adapt community infrastructure planning processes to better support First Nations in having reliable, sustainable, and community-led infrastructure; (Supported by Finding #4, #6, #27, #28, #38, Crosscutting Finding #2)
 - 1.2 Explore opportunities to better align program design and implementation with the evolving priorities identified in this evaluation by First Nations to address the unique needs in their communities, which could include health outcomes, climate change, and accessibility; (Supported by Finding #7, #11, #13, #19)
2. Prioritize or allocate dedicated funding or efforts to areas identified as top needs or gaps by the communities:
 - 2.1 Conduct an analysis to identify the barriers for communities that are smaller, more remote and with lesser resources in accessing funds; (Supported by Finding #20, #38)

2.2 Raise awareness among First Nations that diverse types and sizes of housing units can be built with program funding; (Supported by Finding #5, #12)

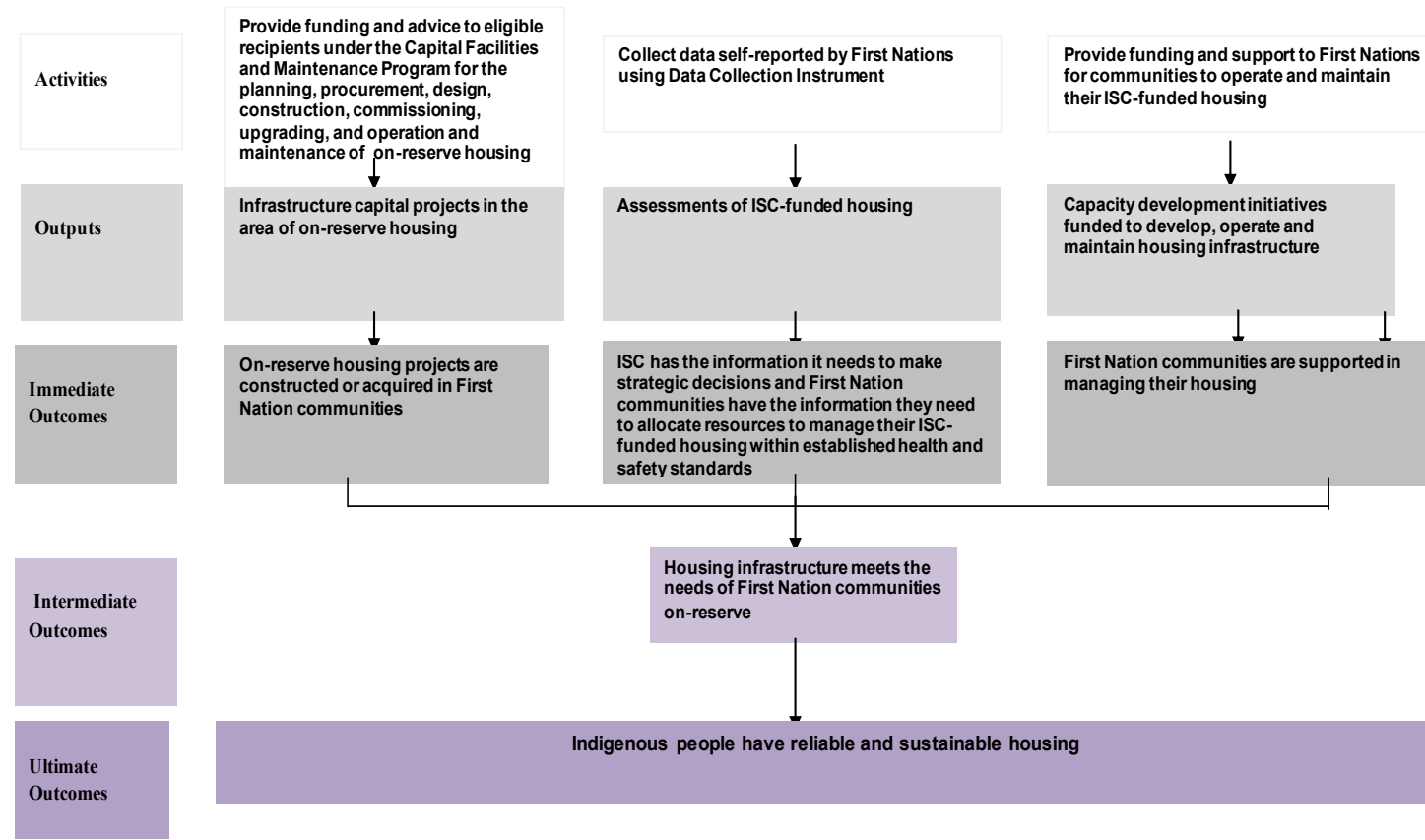
2.3 Provide dedicated funding for capacity development activities to support the management and maintenance of housing and service transfer, including to provide funding for housing managers' salaries; (Supported by Finding #9, #30, #35, #36, #38, Crosscutting Finding #5)

3. Improve data quality in departmental systems, including to establish clear definitions of the fields and categories used in the ICMS Project Tracking module to help ensure data entry is consistent to improve data quality; (Supported by Finding #23, #24, #38)

4. Implement strategies to mitigate impacts of staff turnover to better support collaboration with First Nations. (Supported by Finding #32).

APPENDIX A: PROGRAM LOGIC MODEL

Logic Model for the On-Reserve Housing Program³⁹



³⁹ Source: Program Information Profile Approved in 2018