

TO: CITY MANAGER

1993 JUNE 03

FROM: ACTING DIRECTOR PLANNING AND BUILDING OUR FILE: 17.751

SUBJECT: **TERMINATION OF RESIDENTIAL  
REHABILITATION ASSISTANCE PROGRAM (RRAP)**

PURPOSE: To inform Council of the impacts of the 1993 April 26 Federal Budget on Burnaby's RRAP Operation.

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**RECOMMENDATION:**

1. **THAT** the Mayor, on behalf of Council, write to the Minister of Canada Mortgage and Housing to express the City's strong disappointment with the Federal Government's apparent decision to terminate the Residential Rehabilitation Assistance Program and the lack of formal notification given to RRAP delivery agents of the decision.

**R E P O R T**

**1.0 BACKGROUND**

The Residential Rehabilitation Assistance Program (RRAP) is a Federally funded program which provides grants (forgivable loans) to qualifying low income homeowners. The grants assist homeowners in making necessary health and safety improvements to their homes (e.g. roof repairs, electrical work, plumbing). Grants are also available to make homes accessible to disabled occupants. The City has been administering RRAP to Burnaby residents on behalf of CMHC since 1978.

Council, at its meeting of 1993 March 22, received a staff report concerning expansion of Burnaby's RRAP operation. The report indicated that CMHC would be reducing its funding commitment for RRAP in 1993. For the City's RRAP operation to continue to function in a cost-effective manner, the report recommended that Burnaby explore the delivery of the program to five other municipalities: the City and District of North Vancouver, New Westminster, Port Moody, and Coquitlam. Council adopted the recommendation.

This report provides an update on expansion of Burnaby's RRAP delivery, discusses the implications of the 1993 April 26 Federal Budget for the program, and identifies proposed actions for the City to undertake.

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## 2.0 UPDATE ON EXPANSION

In late March, staff met with CMHC officials regarding the expansion of Burnaby's RRAP operation. CMHC officials were pleased that Burnaby was willing to assume an expanded role. They immediately made necessary administrative arrangements to enable the City to deliver RRAP to the adjacent municipalities.

City staff notified personnel in the affected municipalities that Burnaby would be delivering RRAP in their area. In turn, staff from those municipalities informed their Councils of the situation. The news was generally greeted favourably. The staff and Councils from the affected municipalities recognized Burnaby as a competent, experienced RRAP delivery agent. They also acknowledged that through Burnaby's delivery, low income and disabled homeowners in their communities would continue to receive RRAP benefits.

Burnaby staff have begun processing RRAP applications in all of the affected municipalities. On average, they have been devoting over 75% of their time to Burnaby applicants, spending less than one day per week serving outside municipalities.

Burnaby RRAP staff report that the service area expansion has proceeded smoothly. With the expansion, they are still able to provide high quality, personal service to Burnaby applicants. At the same time, they are able to serve neighbouring municipalities and increase their agency fees from CMHC, thereby ensuring the City's RRAP office remains a viable operation.

## 3.0 IMPLICATIONS OF FEDERAL BUDGET

The most recent Federal Budget, brought down on 1993 April 26, contained a section on CMHC programs (see Appendix 1, *attached*). While RRAP is not explicitly mentioned in the Budget, staff have come to learn that the government's intent is to end the program on 1993 December 31. An explanation of the CMHC budget cuts is provided in the letter from the Minister Responsible for CMHC to the President of the Canadian Housing and Renewal Association, contained in Appendix 2, *attached*.

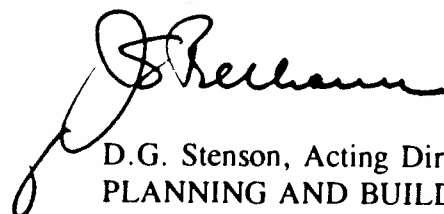
Staff are concerned not only with the substance of the budget decision, they are also concerned with the way that the Federal Government has handled the decision. In response to staff inquiries, the local CMHC office has confirmed its understanding that no further RRAP funding will be provided after this budget year. However, Ottawa has still not formally notified the local CMHC office or RRAP delivery agents that the program will be terminated.

Staff expect that the Ottawa office of CMHC will soon be officially notifying RRAP agents of the decision. Nonetheless, we believe that the process has been poorly handled, showing little regard for RRAP delivery agents or communities which had come to rely on the program. Staff therefore recommend that the Mayor, on behalf of Council, write to the Minister Responsible for Canada Mortgage and Housing Corporation expressing the City's strong disappointment with the apparent cancellation of RRAP, as well as the lack of formal notification to delivery agents of the decision.

#### **4.0 NEXT STEPS**

While staff are disappointed with the proposed termination of RRAP, we are committed to ensuring that we continue to deliver the program in a competent, professional manner. To this end, we intend to develop a program phase-down strategy, which we will forward to Council in July. The strategy will outline an approach for delivering the remaining 1993 RRAP budget funds for Burnaby and adjacent municipalities. It will also indicate our proposed timetable for closing the RRAP office.

To ensure that eligible Burnaby homeowners are aware of RRAP, and that the City fully commits its 1993 program budget, staff propose to publicize the program through press releases, advertisements, and other means. With the concurrence of Council, we would limit our publicity costs to a maximum of \$2,000.00. We believe the costs would be more than offset by the increased agency fee revenues that the advertising would bring to Burnaby.

  
D.G. Stenson, Acting Director  
PLANNING AND BUILDING

JF\db

Attachment

cc: Director Administrative & Community Services  
Director Finance  
Human Resources Director  
President, CUPE Local 23

## Appendix 1

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Excerpt from 1993 April 26 Federal Budget.

### **Canada Mortgage and Housing Corporation**

The government will not increase its support for social housing, through the Canada Mortgage and Housing Corporation (CMHC), beyond the current funding level of about \$2 billion a year. CMHC will no longer fund housing through 35-year subsidy commitments which impose most of the costs of today's housing support on future taxpayers. Increased efficiencies in the financing and delivery of its programs will enable CMHC not only to maintain its existing housing stock in good repair but also to provide some scope for new social housing commitments. Within this funding level, special purpose funding for shelters for victims of family violence, the National Strategy for the Integration of Persons with Disabilities and for native housing on reserves will continue.

Source: Department of Finance Canada  
"The Budget 1993." Ottawa, 1993  
pp. 55-56

Minister Responsible for  
Canada Mortgage and  
Housing Corporation



Ministre responsable de la  
Société canadienne d'hypothèques  
et de logement

The Honourable L'honorable:  
Elmer MacKay

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MAY  
MAI 17 1993

Ms. Denise LeBlond  
President  
Canadian Housing and Renewal Association  
251 Laurier Avenue West  
Suite 304  
Ottawa, Ontario  
K1P 5J6

Dear Ms. LeBlond:

I am writing with regard to the federal budget of April 26, to clarify some aspects which impact on the role of Canada Mortgage and Housing Corporation and the housing industry in this country.

As you are no doubt aware, the gravity of the federal fiscal situation has forced the government to make some very difficult choices with respect to overall spending priorities. The April 26 budget builds on previous initiatives directed towards increasing the capacity of the economy to grow, generate new employment, and preserve our ability to maintain essential social programs.

In this context, the budget announced that government support for social housing will not increase beyond the existing level of approximately \$2 billion per year. This means that it will not be possible to provide additional funding for new commitments after January 1, 1994 under CMHC social housing programs, including the Non-Profit, Residential Rehabilitation Assistance, Rural and Native Housing, Urban Native Housing, Emergency Repair and Rent Supplement Programs.

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However, the federal government will continue to fund all of the existing social housing commitments, serving some 652,000 households in Canada at an annual cost of approximately \$2 billion. Approximately \$41 million will be available for new commitments under the social housing programs until December 31, 1993.

New social housing commitments for Native Canadians living on-reserve will continue for 1993 and beyond, along with special purpose funding for shelters and other housing commitments under the government's family violence initiative and the National Strategy for the Integration of Persons with Disabilities, (the Next Step and Home Adaptations for Seniors' Independence - HASI).

Further to measures announced in the government's December 1992 Fiscal and Economic Statement, grants and contributions under CMHC's Part IX budget will be reduced by a further 5 per cent in 1995-96 and an additional 5 per cent in 1996-97. This measure underlines the need for greater self-reliance on the part of advocacy groups and other private sector organizations.

As the Minister of Finance indicated in his budget, funding for future social housing will depend largely on CMHC achieving greater efficiencies and improvements in program development and delivery, as well as through new partnerships to generate innovative new approaches for responding to social housing needs.

My officials have already begun to identify some potential initiatives for savings. For instance, CMHC has obtained the legislative authority to enter into the direct financing of social housing, enabling it to borrow in financial markets and, in turn, lend to social housing sponsors. I am advised that the resulting interest rate savings over the next five years, associated with such a measure, could be in the range of \$100 million.

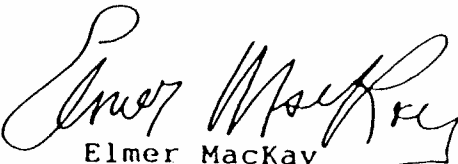
Another area which might be reviewed as a potential revenue-generating initiative is consistency in the application of the rental scale for social housing developments. A 30 per cent rental scale is currently in place in British Columbia and New Brunswick and I note that the Province of Ontario, in its Economic Statement of April 23, announced its intention to also move in this direction.

Although it is unfortunate that these and other restraint measures are necessary, I wish to assure you that it should not be interpreted to mean that the federal government is no longer interested in the provision of new social housing. In fact, I expect some scope for new commitments will be possible, beginning in 1994, through efficiencies and modifications in the financing and delivery of CMHC's programs. The savings thus achieved will be available for reinvestment in social housing, including maintaining the existing stock in good condition.

CMHC will meet these new challenges with the same energy and innovative spirit it has brought to the housing needs of Canadians since 1946. Part of CMHC's success has been due to the partnerships it has forged with the housing industry, financial sector, municipal and provincial governments, and organizations closest to the goals and needs of individual Canadians.

Through new partnerships, and new initiatives within existing partnerships, I believe that we can bring additional resources and ideas into the process, to continue helping to meet the housing needs of Canadians.

Yours sincerely,

  
Elmer MacKay

