

New Brunswick Housing Corporation NB Housing Strategy: Housing for All



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2024 Volume I

Chapter 4 Highlights

The strategy has 4 targets and 22 actions	Actions are not clearly linked to targets, and improvements to documentation would increase transparency	Public reporting processes have not yet been established
NBHC can improve processes to ensure the stated targets will be achieved		

Overall Conclusions

Our audit work concluded that the New Brunswick Housing Corporation (NBHC) has established targets and measurable actions within the NB Housing Strategy. However, there are improvements to be made regarding linkages, transparency, monitoring and reporting on progress.

Results at a Glance

NB Housing Strategy

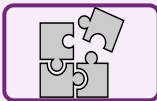
Actions Not Clearly Linked to Targets



Improvements Required for Transparency



Findings



The strategy does **not** document what actions are linked to specific targets



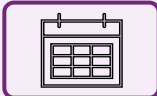
73% of the actions did **not** have a timeline for completion



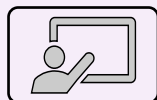
50% of the actions did **not** note the overall cost to government



36% of the actions were missing key milestones in planning documents



36% of the actions did **not** have documented start and/or end date targets



There is **no** documented public reporting strategy

About the Audit

Introduction to the Audit

- 4.1** In July 2023, Treasury Board approved the transfer of resources from departments to the New Brunswick Housing Corporation as follows:
- Department of Social Development
 - 158 positions and \$133 million of budgeted expenditures
 - \$38 million in capital funding
 - \$60.2 million of budgeted revenue/recoveries (loans, public housing rent, recoveries from Canadian Mortgage Housing Corporation)
 - Department of Transportation and Infrastructure
 - five positions and \$355,000
 - Service New Brunswick
 - 27 positions and \$1.7 million
- 4.2** The support for shelters and organizations providing services to individuals experiencing homelessness remained with the Department of Social Development.
- 4.3** The NB Housing Strategy: Housing for All (the strategy), was released June 29, 2023. The Minister responsible for NBHC messaged that the strategy represents *“the beginning of our 10-year plan to ensure New Brunswickers have access to safe, affordable and appropriate housing for themselves and their families”*.

Why we Chose this Topic

- 4.4** The strategy reports that New Brunswick, and Canada are facing a housing crisis like never before. According to data reported by NBHC, population growth has outpaced development and New Brunswick’s population is expected to reach 900,000 by 2033.
- 4.5** The strategy documents a vision, guiding principles, goals, targets and actions for the first three years of the 10-year plan.
- 4.6** The goal of our audit was to ensure the strategy was clear, transparent, and included adequate measurement and reporting mechanisms. We intend to perform ongoing monitoring on the progress of the strategy.

Auditee

- 4.7** Our auditee was the New Brunswick Housing Corporation. We also made inquiries and obtained audit evidence from:
- The Department of Environment and Local Government (ELG)
 - The Department of Finance and Treasury Board (FTB)
 - The Department of Post Secondary Education Training and Labour (PETL)
 - The Department of Transportation and Infrastructure (DTI)
 - Regional Development Corporation (RDC)
 - Service New Brunswick (SNB)

Audit Objective

- 4.8** Our audit objective was to determine if the New Brunswick Housing Corporation has adequate mechanisms in place to ensure the ‘NB Housing Strategy: Housing for All’ stated targets are achieved.

Audit Scope

- 4.9** The audit covered the period from June 29, 2023 – March 31, 2024. Information outside of this period was also collected and examined as deemed necessary.
- 4.10** More details on the audit objective, criteria, scope, and approach we used in completing our audit can be found in Appendix II and Appendix III.

Conclusion

- 4.11** Our audit work concluded that while the New Brunswick Housing Corporation has established targets and actions within the ‘NB Housing Strategy: Housing for All’, there are improvements to be made to ensure stated targets are achieved.
- 4.12** Overall findings are as follows:
- NBHC has established targets with measurable actions in support of the strategy. However, actions are not clearly linked to targets
 - there was a lack of clarity pertaining to how stated actions targeted for mid-high income New Brunswickers will have an impact on those households
 - actions have been assigned to executive owners and have clearly established outcomes but, in some cases, timelines and costs to government are not documented
 - project plans and monitoring tools are in place, but sometimes lack dates, key milestones, and budget details
 - public performance reporting mechanisms have not been established

Background

4.13 The strategy's 22 actions are documented under 4 strategic pillars aimed at targeting:

1. New Brunswick households with mid-to-high incomes
2. New Brunswick households with low-to-mid incomes
3. Vulnerable households with low incomes
4. A strong foundation for our housing system

4.14 NBHC has the overall responsibility for the development, monitoring, and reporting of the strategy. In addition, NBHC along with other government departments and organizations have been assigned various actions within the strategy, as we have summarized below:

Strategic Pillar	Action Description	Owner
A Healthy and Competitive Housing Market <ul style="list-style-type: none"> • Meeting the needs of households with mid-to-high incomes 	Rapid Rural Workforce Housing Pilot: 220 housing units in four rural communities	GNB
	Launch a public awareness campaign to promote modular homes	NBHC
	Extend temporary property tax relief through 2024: limits assessment growth for tax purposes by 10% for eligible non-residential properties and apartment buildings with more than four units	GNB
	A new case management system for the Tenant and Landlord Relations Office	NBHC
Affordable Homes for Low-to-Mid Income Earners	Establish a Housing Working Capital Fund for municipalities and non-profits	RDC
	Rent Bank: short term loans to low-to-mid-income renters	NBHC
	Launch the NB Public Universities Students Housing On-Campus Fund	PETL
	Financial support to Habitat for Humanity: \$70,000 per unit for up to 10 new homes per year	NBHC

	Make government surplus property available for affordable housing development	DTI
A Safe Home for Vulnerable New Brunswickers <ul style="list-style-type: none"> Meeting the needs of vulnerable households with low incomes 	Direct to Tenant Rental Benefit: \$22 million per year for rental assistance	NBHC
	Build 380 new public housing units over three years	NBHC
	Enhance Affordable Rental Housing Program: provide an additional \$15,000 per unit	NBHC
	Increase funding amount for the development of subsidized housing	NBHC
	Invest \$192 million including funding to non-profits, repairs to government owned subsidized housing, low income working individuals and families, etc.	NBHC
	Increase funding level for landlords: Residential Rehabilitation Assistance Program	NBHC
	Begin a comprehensive review of existing NBHC programs	NBHC
A Strong Foundation for our Housing System	Three-year Residential Construction and Manufacturing Action Plan: recruit and/or pre-qualify 10,000 individuals from India (or other country), launch international student co-op carpentry program, support skills/trades.	PETL
	Work with Regional Service Commissions to explore opportunities to better coordinate efforts	RDC
	Establish a Small Communities Housing Infrastructure Fund: \$20 million per year	RDC
	Work with and financially support the New Brunswick Non-Profit Housing Association	NBHC
	Launch preliminary guidelines for housing needs assessments by fall 2023	NBHC ELG
	Work with communities to reduce barriers by improving policies and by-laws	NBHC ELG

- 4.15** The current strategy has a budget of \$551 million, which includes:
- \$379 million (69%) in previously committed funding
 - \$172 million (31%) of new funding
- 4.16** The strategy states it has “*identified \$500 million over three years in new and previously committed funding by this government and its strategic partners to solve our housing crisis*”. The costs that have been documented in the three-year strategy related to the actions total \$458.8 million.

Clearly Established Targets

- 4.17** The strategy has four clearly established targets as detailed below:
- *Increase housing starts with a target of 6,000 per year. This would be equivalent to building another City of Fredericton in eight years. In 2022, the province experienced record development with 4,680 new starts.*
 - *Reduce the percentage of NB households spending more than 30 per cent of income on shelter costs to less than 15 per cent*
 - *Create conditions to hold annual rent increases at an average of 2.5 per cent and the percentage change in average home prices to 4.8 per cent*
 - *Decrease the number of households in need of subsidized housing to 7,500 by 2026 from the current waitlist of more than 11,000*
- 4.18** The targets are well presented, easy to understand, and measurable in terms of being able to know if outcomes were achieved or not. However, baseline data was not publicized for the following two targets:
- *reduce the percentage of NB households spending more than 30 per cent of income on shelter costs to less than 15 per cent*
 - *create conditions to hold annual rent increases at an average of 2.5 per cent and the percentage change in average home prices to 4.8 per cent*
- 4.19** Without baseline data for where we are today, it is difficult for New Brunswickers to know the reasonableness of the targets.

Recommendations

- 4.20** **We recommend the New Brunswick Housing Corporation include baseline data for the established targets in the ‘NB Housing Strategy: Housing for All’.**

Actions Not Clearly Linked to Targets

- 4.21** The strategy highlights 22 actions intended to support and enable the achievement of the four housing targets. However, the strategy does not document what actions are linked to specific targets, and NBHC was unable to provide us with clear linkages. New Brunswickers and decision makers will not know which actions (or inactions) are driving success (or failure).

Recommendation

- 4.22** We recommend the New Brunswick Housing Corporation publish linkages between the stated actions and the targets they support within the ‘NB Housing Strategy: Housing for All’.

Targeted Income Levels are Not Defined

- 4.23** The strategy has categorized each of its 22 actions under one of four strategic pillars, differentiated by household income level as follows:

Strategic Pillar 1: a healthy and competitive housing market - meeting the needs of households with mid-to-high incomes

Strategic Pillar 2: affordable homes for low-to-mid-income earners - meeting the needs of working households with low-to-mid incomes

Strategic Pillar 3: a safe home for vulnerable New Brunswickers - meeting the needs of vulnerable households with low incomes

Strategic Pillar 4: a strong foundation for our housing system

- 4.24** The actions within each strategic pillar are “*designed to complement each other and create conditions where no one in New Brunswick is required to spend more than 30 per cent of their income for safe and appropriate housing*”. However, the strategy does not define what income levels are considered high, medium, or low, making it challenging for the public and stakeholders to understand, evaluate, and hold NBHC accountable.

Recommendation

- 4.25 We recommend the New Brunswick Housing Corporation define what New Brunswick household income levels are considered high, medium or low to enhance clarity, accountability and transparency.**

Actions Not Clearly Linked for Mid - High Income Levels

- 4.26** The actions that were categorized as addressing the needs of New Brunswickers based on various household income levels appeared to be clear, except for those under strategic pillar 1, intended to meet the needs of those with mid to high incomes. The actions were as follows:
- development of 220 housing units in at least four rural communities across the province determined through current vacancy rates or targeted hiring projects
 - launch an awareness campaign to promote modular homes
 - extend (by one year) the current property tax relief program for non-residential properties and apartment buildings with four or more units
 - allocate a previously announced \$1 million for a new case management solution at the Tenant and Landlord Relations office
- 4.27** When we enquired with NBHC senior management as to how these actions would impact mid to high income New Brunswickers, we were informed, that while not noted in the strategy, the development of 220 homes focused on working newcomers and that modular homes were being used.

Recommendation

- 4.28 We recommend the New Brunswick Housing Corporation clearly document how each action impacts targeted income levels within each strategic pillar.**

Improvements Required for Transparency

- 4.29** We reviewed the 22 actions in detail to determine if the following attributes were present in the strategy:
- measurable actions
 - timelines
 - program costs
 - identified owner
 - source of funding
- 4.30** Most actions were measurable, assigned ownership and identified source of funding. However, we noted 16/22 (73%) actions did not have a timeline for completion.
- 4.31** Additionally, 11/22 (50%) had no noted overall cost to government. For example:
- extend the temporary Property Tax Relief Program through 2024
 - use of government surplus properties
 - campaign for modular construction
- 4.32** While the strategy details the extension of a program, or increases in subsidies, it does not disclose overall projected costs to government. There is a cost to making government surplus properties available for housing development, as properties have monetary value and could be otherwise sold for revenue. Additionally, there will be costs associated with a launch of a public awareness campaign to promote the use of modular homes.
- 4.33** The strategy provides for a three-year Residential Construction and Manufacturing Action Plan. This is a substantial initiative, that includes “*establishing a New Brunswick skilled trades office and/or strategy in India (or other country) to recruit and/or pre-qualify 10,000 individuals in priority trade occupations to support immigration to New Brunswick*”. However, no program costs, or housing solutions for the immigrants were included in the strategy.
- 4.34** In some cases, program details were not sufficient to determine if the funding was going to be a loan, forgivable loan, or non-repayable grant. For example, NBHC senior management informed us that the Rapid Rural Workforce Housing Pilot would be “*rent to own*” but this is not clearly detailed in the strategy.
- 4.35** One of the actions is to “*invest*” \$3 million over the next two-years to support up to 750 renter households annually, with an average household loan of \$1,500. 1,500 households with an average loan of \$1,500 as stated in the strategy, would be an overall loan disbursement of \$2.25 million. The lending of \$3 million does not

represent the cost to government. The cost to government was not disclosed. The cost would include expenses for developing, implementing, overseeing the program, the opportunity cost (as in what else could government have done with the resources) or interest cost if government had to borrow it, and what percent of the loans will not be paid back, thus resulting in a bad debt expense.

Recommendation

4.36 We recommend the New Brunswick Housing Corporation establish proposed timelines and calculate overall costs to government for all actions in the housing strategy.

Project Plans Could be Improved

4.37 While there were no standardized project planning templates, we were provided with varying levels of planning documentation pertaining to all 22 action items. NBHC also maintains a comprehensive tracking document in spreadsheet format as a tool to track progress of the 22 actions. We noted the following as of February 2024:

- roles and responsibilities (executive owners) have been assigned
- 8/22 (36%) were missing key milestone information
- 8/22 (36%) did not have start and/or end date targets
- budgeted to actual spending was not included

Recommendation

4.38 We recommend the New Brunswick Housing Corporation ensure project plans and status tracking tools include key milestone information, start and end dates, and budgeted to actual costs.

Lack of Public Reporting Strategy

- 4.39** NBHC owns the strategy and has the responsibility to report internally and externally on the status of completion. NBHC senior management holds internal monthly meetings with executive owners of all 22 actions. If an action is off track updates are provided on what is needed to get back on track.
- 4.40** We recognize the strategy is not quite one year old. However, as it is only a three-year strategy, it is important that results are reported publicly in a timely fashion. One of the guiding principles within the strategy is “*accountability and transparency in reporting the outcomes of the strategy’s implementation.*”
- 4.41** A one-page high level update was published at the six-month mark (December 2023), which included a status for 21 of the 22 actions. While the update was of some value, public reporting on actions should include planned vs. actual key milestones, budget, outcomes, and impact on stated targets.
- 4.42** The status of the action ‘Launch Public Awareness Campaign to Promote Modular Homes’ was reported as planned, but as of February 2024, no start date has been identified.
- 4.43** Sixteen actions are identified as “in progress” but no further information was provided, and one action was not included in the update ‘Providing Funding for Accessible Units’.
- 4.44** There has been no public reporting on the achievement of the four stated targets within the strategy. At the time of our audit, NBHC had not established a reporting plan that would include frequency, content, and communication channels.
- 4.45** NBHC informed us the strategy is a “*living document*” and that changes to the current one is anticipated. If current actions are modified and/or deleted, the strategy should provide information as to what had been done to date and why the decision was made to modify the original action.

Recommendation

- 4.46** We recommend the New Brunswick Housing Corporation establish a performance reporting strategy, that includes frequency, content, and communication channels (internal and external).

Appendix I: Recommendations and Responses

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
We recommend the New Brunswick Housing Corporation:				
4.20	include baseline data for the established targets in the 'NB Housing Strategy: Housing for All'.	Multi-year baseline data trends were used to establish housing targets in May 2023. These charts were provided to the AG.	Implemented.	While baseline data was established, it was not published in the strategy for two of the 4 targets. Without publicizing the baseline, it is difficult for taxpayers to assess the reasonableness of the targets.
4.22	publish linkages between the stated actions and the targets they support within the 'NB Housing Strategy: Housing for All'.	<p>HNB publishes the “HousingNB Results Update” and “Detailed status of NB housing strategy initiatives” each month. These documents are used by HNB, departments and other stakeholders to monitor strategy implementation.</p> <p>HNB will improve communication to the public about strategy implementation and results.</p>	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
We recommend the New Brunswick Housing Corporation:				
4.25	define what New Brunswick household income levels are considered high, medium or low to enhance clarity, accountability and transparency.	<p>HNB will establish measures that enable better clarity across the household income spectrum.</p> <p>For pillar 1, HNB uses the “percent of households in core housing need” to measure the number of vulnerable low-income households.</p>	End of Q4 2024-2025	
4.28	clearly document how each action impacts targeted income levels within each strategic pillar.	<p>HNB established monthly performance measures/dashboards to track the contribution of initiatives and programs to higher level strategic targets.</p> <p>HNB will continue to expand this approach to all areas of the housing strategy.</p>	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
We recommend the New Brunswick Housing Corporation:				
4.36	establish proposed timelines and calculate overall costs to government for all actions in the housing strategy.	The budget for all initiatives were included in the 3-year plan. Timelines have also been established for all initiatives. These were provided to the AG. A few initiatives are in planning stages and have only broad timelines assigned (i.e. by year).	Implemented.	Our recommendation was that costs be calculated for all actions. While an overall budget was assigned to the strategy, and some actions assigned costs, 50% of the actions were not assigned costs. Publishing the cost of what is being proposed is critical to accountability and transparency.
4.38	ensure project plans and status tracking tools include key milestone information, start and end dates, and budgeted to actual costs.	HNB recognizes the need to improve project management practices.	End of Q4 2024-2025	

Par. #	Recommendation	New Brunswick Housing Corporation Response	Target Implementation Date	AGNB Response
We recommend the New Brunswick Housing Corporation:				
4.46	establish a performance reporting strategy, that includes frequency, content, and communication channels (internal and external).	<p>HNB has established a strategy performance monitoring system, used primarily for communication within HNB and GNB.</p> <p>HNB will report on performance in our Annual Report as required under the Accountability and Continuous Improvement Act (ACIA).</p> <p>HNB will provide better information to the public and stakeholders.</p>	<p>As per ACIA</p> <p>End of Q4 2024-2025</p>	

Appendix II: Audit Objective and Criteria

The objective and criteria for our audit of the New Brunswick Housing Corporation are presented below. The New Brunswick Housing Corporation and their senior management reviewed and agreed with the objective and associated criteria.

Objective	To determine if the New Brunswick Housing Corporation has adequate mechanisms in place to ensure the ‘NB Housing Strategy: Housing for All’ stated targets are achieved.
Criterion 1	The New Brunswick Housing Corporation has clearly established targets with measurable actions in support of the ‘NB Housing Strategy: Housing for All’.
Criterion 2	The New Brunswick Housing Corporation has established roles and responsibilities including documented plans, strategies, assigned resources and timelines to achieve the actions outlined in the ‘NB Housing Strategy: Housing for All’.
Criterion 3	The New Brunswick Housing Corporation has adequate performance reporting mechanisms in place regarding the achievement of stated targets and actions of the ‘NB Housing Strategy: Housing for All’.

Appendix III: Independent Assurance Report

This independent assurance report was prepared by the Office of the Auditor General of New Brunswick on the New Brunswick Housing Corporation and its 'NB Housing Strategy: Housing for All'. Our responsibility was to provide objective information, advice, and assurance to assist the Legislative Assembly in its scrutiny of the New Brunswick Housing Corporation with respect to 'NB Housing Strategy: Housing for All'.

All work in this audit was performed to a reasonable level of assurance in accordance with the Canadian Standard on Assurance Engagements (CSAE) 3001 – Direct Engagements set out by the Chartered Professional Accountants of Canada (CPA Canada) in the CPA Canada Handbook – Assurance.

AGNB applies the Canadian Standard on Quality Management 1 – Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements. This standard requires our office to design, implement, and operate a system of quality management, including policies or procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

In conducting the audit work, we have complied with the independence and other ethical requirements of the Rules of Professional Conduct of Chartered Professional Accountants of New Brunswick and the Code of Professional Conduct of the Office of the Auditor General of New Brunswick. Both the Rules of Professional Conduct and the Code are founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

In accordance with our regular audit process, we obtained the following from management:

- confirmation of management's responsibility for the subject under audit
- acknowledgement of the suitability of the criteria used in the audit
- confirmation that all known information that has been requested, or that could affect the findings or audit conclusion, has been provided
- confirmation that the findings in this report are factually based

Period covered by the audit:

The audit covered the period between June 29, 2023, to March 31, 2024. This is the period to which the audit conclusion applies. However, to gain a more complete understanding of the subject matter of the audit, we also examined certain matters outside of this period as deemed necessary.

Date of the report:

We obtained sufficient and appropriate audit evidence on which to base our conclusion on May 31, 2024, in Fredericton, New Brunswick.