



Alberta Seniors and Housing Affordable Housing Follow-up

November 2018

About this Audit

In 2007, the Alberta Affordable Housing Task Force recommended that the Government of Alberta enhance capital resources for affordable housing supply. The task force estimated the need for 12,000 affordable housing units at a cost of \$480 million annually over five years, for a total cost of \$2.4 billion.¹ The Department of Municipal Affairs² responded by creating the municipal block funding and housing capital initiatives programs to fund the development of 11,000 affordable housing units for low-income Albertans.³

In September 2011, the department reported that it had met its objective of approving funding for the development of 11,000 affordable housing units. In total, the department's investment of \$1.1 billion,⁴ combined with \$1.1 billion of investment from partnerships with municipalities, non-profit groups, and the private sector, resulted in \$2.2 billion of investment in affordable housing across the province.

In July 2013,⁵ we made recommendations to improve grant monitoring processes and evaluation systems.

Audit Objectives and Scope

Our objective is to determine whether the department has implemented our recommendations to improve its grant monitoring processes and evaluation systems.

What We Examined

To perform this follow-up audit, we:

- tested controls and the accuracy and completeness of information within the grant information system
- examined reports from the affordable housing grant information system
- examined the results of field compliance audits completed in the 2016–2017 cycle
- reviewed the program evaluation report and program reporting

We conducted our field work from April to July 2018. We completed our audit on August 10, 2018.

Conclusion

We conclude that as of July 2018, the Department of Seniors and Housing had implemented our recommendation to improve its systems and processes for monitoring and evaluating its affordable housing grants programs.

Why this Conclusion Matters to Albertans

The department has invested \$1.1 billion to increase Alberta's supply of affordable housing. Albertans need to have confidence that this investment is supporting the development of housing options that serve the needs of low-income Albertans. For

1 The task force issued its report, *Housing First: An Investment with a Return in Prosperity*, in March 2007.

2 The Department of Housing and Urban Affairs was responsible for these programs from 2008 to 2011.

3 *Alberta Municipal Affairs and Housing Annual Report 2007–2008*, page 56. The department's performance measure was the number of affordable housing units developed with support from provincial funding. It defined "developed" as projects with funding commitments that were in any phase of development.

4 The department's investment includes \$119 million in federal funding.

5 *Report of the Auditor General of Alberta—July 2013*, no. 12, page 90, and no. 13, page 92.

Albertans to receive value for money from these programs, those who qualify to live in these units should benefit from increased availability and lower rates for affordable housing.

Findings and Recommendations

Improve Monitoring Processes—recommendation implemented

Context

In 2013,⁶ we recommended that the department improve its monitoring processes to ensure affordable housing grant recipients comply with their grant agreements by:

- developing and conducting risk-based monitoring activities
- following procedures and processes when performing monitoring activities

Criteria: the standards of performance and control

The department should monitor its affordable housing grant recipients for compliance with their grant agreements.

Our follow-up audit findings

The department has implemented the recommendation by:

- developing an information system to track its grants and monitor compliance of the housing grant recipients
- utilizing a risk-based approach to conduct monitoring activities
- performing field compliance reviews and following up on identified exceptions

Improve Evaluation Processes—recommendation implemented

Context

In 2013,⁷ we recommended that the department improve its evaluation process by:

- developing performance measures and adequate information systems so that the department can better evaluate and report on its affordable housing grant programs
- completing periodic evaluations on its affordable housing grant programs

Criteria: the standards of performance and control

The department should measure and evaluate the extent to which its affordable housing grant programs have met their objectives and incorporate the evaluation results into future planning for housing initiatives.

Our follow-up audit findings

The department has implemented our recommendation by:

- developing a grant information system that produces reports that management uses to evaluate affordable housing grant programs
- commissioning an external evaluation of the grant program and incorporating the findings into other housing programs
- developing a process to continuously improve the compliance process

⁶ Report of the Auditor General of Alberta—July 2013, no. 13, p. 92.

⁷ Report of the Auditor General of Alberta—July 2013, no. 12, p. 90.