

# Manitoba mbudsman

## REPORT UNDER

## THE OMBUDSMAN ACT

## CASE 2017-0028

## MANITOBA FAMILIES/MANITOBA HOUSING

## REPORT ISSUED ON JUNE 30, 2017

### CASE SUMMARY

**Manitoba Housing, a division of the department of Manitoba Families, manages a Homeowners Renovation Assistance Program (HRAP) that provides funding for household repairs to low income homeowners. Manitoba Ombudsman received a complaint from a homeowner who applied for financial assistance for repairs but was refused.**

**Our office determined that the decision of Manitoba Housing was in accordance with the eligibility criteria for HRAP and therefore the complaint was not supported. We did, however, make several suggestions for administrative improvements to the program, particularly with respect to ensuring applicants clearly understand the terms and conditions of the program.**

### OMBUDSMAN JURISDICTION AND ROLE

Ombudsman investigations typically assess actions taken or decisions made against a benchmark established by government. Sometimes that benchmark is provincial legislation or a municipal by-law. On other occasions, it is written policy or established procedures implemented to give effect to legislative purpose.

The goal of administrative investigations is to determine the validity of complaints and to identify areas requiring improvement. Administrative suggestions may be made to support and help government bodies achieve better administration, often through the adoption of best practices. Improved administrative practices can enhance the relationship between government and the public, and reduce administrative complaints.

## **THE COMPLAINT**

Manitoba Ombudsman received a complaint related to a funding application under the Homeowner Renovation Assistance Program (HRAP). The complainant was denied funding by Manitoba Housing (the division) because the repairs had been completed prior to the complainant applying for financial assistance.

## **KEY ISSUES**

In response to the complaint, the ombudsman determined that an investigation would be conducted into the following administrative issues pursuant to section 15 of the Ombudsman Act:

- 1. Does the HRAP application process fully disclose the requirements to be eligible for funding and were the requirements readily accessible to the complainant?**
- 2. Was the decision by Manitoba Housing to deny funding to the complainant reasonable and consistent with HRAP's program criteria and policy, both at the time of the initial decision and upon reconsideration?**
- 3. Are applicants faced with the necessity of having to undertake emergency repairs treated fairly under the HRAP application process?**

## **BACKGROUND INFORMATION**

The Homeowner Renovation Assistance Program (HRAP) is intended to provide financial assistance for low income homeowners to restore their home to a minimum level of health and safety. The program is managed by the Housing Delivery branch of Manitoba Housing, which is part of the department of Manitoba Families.

To qualify for HRAP, the applicant must fall within the designated income levels, must own and reside in the home for which the repairs are being considered, and must meet the house value threshold. The income limits and house value thresholds are set out in the branch guidelines for the program and can change yearly. Maximum HRAP funding levels (\$20,000 in the southern part of the province and \$23,000 in the north) are based on the cost of eligible repairs which include structural, plumbing, fire safety, electrical and heating.

If approved, the homeowner is provided funding through a forgivable loan which is secured by a promissory note or mortgage depending on the amount of the loan. The forgivable loan is essentially amortized on a monthly basis over 60 months; however if the homeowner sells, rents, or transfers ownership of the property any time over the 60 month period, they become liable for the balance of the forgivable loan. Any repair costs above the approved HRAP amount must be funded by the homeowner.

In this case, the complainant is a low income senior citizen who owns her own home. In April 2016, her well failed and needed to be replaced as soon as possible because she no longer had potable water or clean water for washing.

On April 6, 2016, she contracted HRAP about funding. She was made aware of the program by one of the contractors she had contracted to assess the repairs needed for her well.

The complainant advises that when she spoke to HRAP by telephone she was never told that funding is only available for projects once they are approved. She further indicates that the application package she was sent by HRAP did not include any information indicating that projects undertaken prior to funding approval are not eligible.

Between April 11 and April 16, 2016, the complainant's well was replaced at a cost of approximately \$20,000. During that period, she received the HRAP application form in the mail. She completed the application and it was received by HRAP on May 6. On May 18, the complainant was notified by Manitoba Housing that her application had been denied because the work had already been completed.

The complainant asked Manitoba Housing to reconsider its decision. The complainant states that the repair to the well was urgent and needed to be completed immediately and that she was not aware of the requirement to have the funding approved before commencing the work. Manitoba Housing reviewed the matter and advised it was not prepared to change its decision.

## **SCOPE OF THE INVESTIGATION**

Our investigation of this complaint included the following:

- Review of documentation provided by the complainant
- Interview with complainant's representative
- Review of HRAP policies, procedures and documents
- Review of information available to the public (website, brochures, etc.)
- Discussions with HRAP representative

## **ANALYSIS**

### **1. Does the HRAP application process fully disclose the requirements to be eligible for funding and were the requirements readily accessible to the complainant?**

Manitoba Housing has prepared a brochure on the HRAP program which provides information on eligibility, eligible repairs and a section called "important notes" which states that work done prior to approval is not eligible. The brochure also indicates that a program officer may visit your home to determine what repairs are needed. The brochure is available on the Manitoba Housing website and in Manitoba Housing offices. This particular complainant, however, does not routinely use a computer and therefore relied on information on the program provided by Manitoba Housing.

For persons who wish to pursue a HRAP loan, the brochure advises that the person should contact Manitoba Housing for more information. This allows Manitoba Housing to pre-screen potential applicants. Manitoba Housing advised that there is no script that staff use during calls but potential applicants are asked the following questions:

- What is the household income?
- How many people reside in the home?
- Do you own the home?
- Are the property taxes current?
- What type of repairs are you looking to have done?
- What is the assessed value of the home?

If at that point it appears the person may qualify for financial assistance an application is sent out. Potential applicants are, according to Manitoba Housing, advised not to start any work until the loan is approved and that any prior work will not be funded.

Manitoba Housing indicated that the package mailed to all applicants includes the application form, an application checklist, and the above mentioned brochure.

In this case, the complainant advised our office that the brochure did not come with the application form, nor was she provided information during the pre-screening process about not initiating any repairs prior to loan approval.

There is no way of confirming whether or not the brochure was included in the package or whether the information about not starting any repairs prior to approval was provided during the telephone call with HRAP. As such, we are unable to come to a definitive conclusion on this aspect of the complaint.

It would appear, however, that information regarding HRAP, and in particular the pre-approval requirement, is made available and communicated to applicants according to HRAP's policies and practices.

As part of our review, however, we did note some issues with the consistency and completeness of information available to potential applicants. For example, as illustrated in the table below, there is no location where the full information on the program is available.

<b>Requirement</b>	<b>Place where information is made available</b>
Home is primary residence	Brochure, during pre-screening call*, application form
Home is at least five years old	Brochure, application form
Value of home is assessed no higher than the program limit	Brochure, pre-screening call

At or below income limits as set by Manitoba Housing	Brochure, pre-screening, application form
Repairs must be eligible	Brochure, pre-screening call, application
Repairs done before approval are not eligible	Brochure, pre-screening call
Property taxes are current	Pre-screening call, application
Need for property inspection before work begins	Brochure, but not clearly explained

\*the pre-screening phone call information was provided by the department

We also note that the application form requires the applicant to sign a consent that includes the following two statements:

*I/we hereby understand and accept the responsibility of complying with all the terms and conditions of this application and the HRAP program.*

*I/we hereby consent to an inspection, and re-inspection as necessary to the property by Manitoba Housing and/or its designated representative(s).*

The application form, however, does not provide any information on the terms and conditions of the HRAP and yet the form requires the person to accept responsibility for complying with the terms and conditions.

Also with respect to inspections, the information provided is confusing and contradictory. The brochure states that a program officer may visit your home to determine what repairs are needed. The consent on the application suggests that inspections may be conducted as necessary and that there may not always be an inspection. The program guidelines, however, suggest that an inspection is a requirement for approval. The department confirmed that there must be an inspection as part of the approval process.

As well, information on the forgivable loan and the potential liabilities with that loan is not provided anywhere during the application process and is only described at a high level in the brochure.

While it is good to have information available in a number of ways, each source of information should be complete and consistent. For example, information on property value and income limits would be useful to applicants prior to completing an application form as they may decide, based on the information, not to apply if they exceed the limits.

Manitoba Housing advised that in 2015/16 fiscal year it received 321 applications, of which 150 were approved and 171 were declined or cancelled. The department indicated that there may be many reasons for an application being cancelled or declined including the work being completed prior to approval, proposed repairs not qualifying for assistance, property value or income

exceeded the program limits, proposed repairs exceeding maximum loan values, property not owned by applicant, etc.

Given the high number of applications that were denied or cancelled (53% of all applications) and the fact that Manitoba Housing requires applicants to contact them for pre-screening prior to sending an application, the department may want to examine the reasons for such a high number of declined/cancelled applications to determine if there are some indicators as to why such a large percentage are applying and not being accepted. It is possible that the issues raised earlier in this report with respect to how information is being provided to the public could result in people applying who do not qualify.

**2. Was the decision to deny funding to the complainant reasonable and consistent with HRAP's program criteria and policy, both at the time of the initial decision upon reconsideration?**

The program guidelines state that work carried out prior to loan approval will be ineligible under the HRAP. In this instance it is clear that the repairs undertaken by the complainant were completed prior to receiving the required approval. While the timing of the events is unfortunate, the department's decision to deny funding is in accordance with HRAP's funding criteria.

The department advised that there is no formal reconsideration or appeal process in place regarding its decisions. Applicants, however, are encouraged to contact Manitoba Housing to discuss their application. In the letter to the complainant there was no information or suggestion that the decision may be reconsidered; however the complainant was invited to direct any questions to the letter writer. The department stated that prior to making a decision to decline an application, other staff, including the co-ordinator, the manager of renovation and homeowner delivery and the manager of inspections will discuss the file before a decision is made.

In this particular complaint, the applicant requested that the department reconsider the initial decision to decline the loan. The department agreed to do so however we note that the person who originally advised the applicant that the funding was declined, was the same person who responded when the client asked for the application to be reconsidered. Given the department is willing to reconsider funding decisions, a process should be in place to ensure that the reconsideration is conducted by a person not involved in the original decision. That person should also have the authority to amend the initial decision.

**3. Are those applicants faced with the necessity of having to undertake an emergency repair treated fairly under the HRAP application process?**

The department advised that there is no process in place for emergency applications and that processing time for HRAP funding is generally two to six months with the majority of that time spent by the homeowner obtaining contractor quotes. The department advised our office that over the past year, the Housing Delivery branch has reduced the application processing time to just over 17 days. This includes the application assessment, the home inspection and the preparation of the scope of work.

In this particular case where there was a failure of a well which was the water supply to the home, a two to six month processing time would have been too excessive. The applicant advised that during the time that she was waiting for completion of the new well (approximately two weeks) she needed to have water brought in and had to limit her bathing and washing because of the short supply of water.

There is another funding option available for low income homeowners that need financial assistance for emergency repairs called the Manitoba Emergency Repair Program for Homeowners (MERPH). Funding approval for a MERPH loan can be completed within one day if necessary, however the funding limit is \$5,000 which is not sufficient for any major emergency repairs.

## **FINDINGS**

We understand that the complainant maintains she was not informed of specific eligibility criteria regarding HRAP, however the evidence is not conclusive on that point and therefore the complaint is not supported. Our office is of the view that the ultimate decision to deny funding was in accordance with the funding criteria in place.

While it would appear that there are policies and practices in place to ensure information about HRAP, including the terms and conditions of the program, are communicated to potential applicants, our office does make the following suggestions for administrative improvements:

- That the department review all of the information packages (the brochure and the application form) and the pre-screening process to ensure that the information provided is complete and consistent. Specifically, the department should ensure that the application form provides all the terms and conditions of the HRAP program, including that funding must be approved before any work commences and that property inspections will be conducted prior to and after completion of the work.
- That the department should create a script or checklist for staff to follow when individuals are phoning to inquire about the HRAP program. The checklist could have an area for notes so that the staff providing the information could briefly document the conversation to ensure that the person is provided with all of the relevant information before the application form is sent out.
- The department should examine the reasons for the high percentage of applications that are declined or cancelled to determine if the pre-screening process is effective or if there are other systemic reasons behind the number of applications that are not approved.
- At minimum, any reconsideration of a decision should be conducted by someone not involved in the original decision.
- The department should consider a process that would assist in expediting emergency applications for major repairs greater than the amount available under the MERPH funding. A two to six month span between application and commencement of work is too long when

there is a significant health and safety issue that is creating the need for repairs. We recognize that there may be a challenge in determining what would constitute an emergency funding request and we recognize that the homeowner will bear a significant responsibility in ensuring that proper quotes are obtained.

**MANITOBA OMBUDSMAN**