



Canadian Intergovernmental
Conference Secretariat

PRESS RELEASE



Canadian Mortgage News - National Archive 2001

Ministers Reach Agreement on Affordable Housing

QUEBEC CITY, Québec, - November 30, 2001 - Federal, Provincial and Territorial Ministers responsible for housing met in Quebec City today and agreed on a framework to increase the supply of affordable housing across Canada. With this agreement, the Government of Canada will negotiate individual provincial and territorial agreements to create more affordable housing throughout the country as quickly as possible.

The first of a series of new federal-provincial bilateral agreements outlining the program specifics for each jurisdiction are expected within a few weeks.

The Honourable Alfonso Gagliano, federal Minister responsible for Canada Mortgage and Housing Corporation (CMHC) co-chaired the meeting with the Honourable Tim Sale, Manitoba's Minister of Family Services and Housing. Both are pleased with the outcome.

"I am glad that my colleagues and I were able to reach a consensus on common objectives and priorities as outlined in the Framework", Minister Gagliano said. "This initiative will be of great benefit to Canadians who need affordable housing."

Minister Sale, on behalf of the provinces and territories, expressed pleasure with the changes to the federal proposal which were made following a meeting with Minister Gagliano in August: "Our suggestions have been considered thoughtfully and changes have been made so that we now have an even more effective approach to assist provinces and territories to address their particular housing needs and priorities. We have made significant progress and are committed to moving forward".

This builds on current initiatives to address the housing needs of Canadians.

Ministers also renewed their commitment to examine ways to improve the business and tax climate for affordable rental housing in Canada in the longer term. Federal-provincial-territorial work also continues to address rural and remote housing needs.

A copy of the Framework is attached.

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**A FRAMEWORK FOR BILATERAL AGREEMENTS AIMED AT AFFORDABLE HOUSING
BY
THE FEDERAL, PROVINCIAL AND TERRITORIAL (F/P/T) MINISTERS RESPONSIBLE FOR HOUSING
("THE FRAMEWORK")**

This framework establishes the approach that will guide the development of bi lateral agreements following consensus reached by FPT Ministers at Quebec City on November 30, 2001.

IT IS RECOGNIZED THAT:

- A. Federal, provincial and territorial governments have worked in many ways in the past to stimulate an adequate supply of affordable housing in Canada.
- B. In light of declining vacancy rates and low production of rental housing, federal, provincial and territorial governments believe there is an urgent requirement for short-term measures to increase the availability of affordable housing across Canada.
- C. While short term housing initiatives, such as the one agreed to by Federal, provincial and territorial Ministers address the immediate situation, continuing effort is required to develop strategies to ensure the sustainability of affordable housing supply in Canada.
- D. Federal, Provincial and Territorial governments agree that interventions must recognize and respect the differences in housing markets, priorities, circumstances and conditions across the country.

THEREFORE, federal, provincial and territorial governments express their common understanding as follows:

- Provinces and territories have the primary responsibility for the design and delivery of housing programs within their jurisdiction.
- Provinces and Territories require flexible programs to address their affordable housing needs and priorities.
- This initiative needs to create affordable housing for low to moderate income households.
- This short term initiative in no way diminishes Federal, provincial and territorial governments' commitment to continue to examine the need for long term sustainable improvements to the business and tax climate for affordable housing.
- Nothing in this document shall be construed to derogate from the respective governments' jurisdictional responsibilities.

Consequently, bi-lateral agreements between the Government of Canada and the provinces and territories will include the following program parameters:

- ◆ The initiative will be aimed at creating affordable housing supply in each jurisdiction. Affordable supply initiatives may include interventions such as construction, renovation (beyond the existing RRAP program), rehabilitation, conversion, home ownership, new rent supplements and supportive housing programs. Details of eligible programs in each jurisdiction will be as mutually agreed in bi-lateral agreements
- ◆ Units funded will remain affordable for a minimum of ten years.
- ◆ The maximum federal contribution is an average of \$25,000 per unit over the duration of the program.
- ◆ Federal funding can be used for capital contributions and costs to administer the initiative in Provinces and Territories.

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- ◆ The administrative burden should be minimal and not adversely impact program delivery or create unnecessary levels of administrative processes or approval mechanisms.
- ◆ The federal government has committed a total contribution of \$680 million over five (5) years.
- ◆ Provinces and Territories will be required to match Federal contributions overall. Provincial and territorial contributions may be capital or non-capital in nature, and may be in cash or in kind. These contributions may be made by the Province or Territory or by a third party.
- ◆ The Federal government will recognize as matching contributions those commitments made by Provincial and Territorial governments and third parties for eligible programs, retroactive to January 1, 2001.
- ◆ Federal funding will not commence before a bilateral agreement is signed with a Province or Territory.