



## PRESS RELEASE



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### Canada and Quebec Sign Affordable Housing Agreement

**MONTREAL, Québec, December 21, 2001** — The Minister responsible for Canada Mortgage and Housing Corporation (CMHC) the Honourable Alfonso Gagliano, and the Minister of State for Municipal Affairs and Greater Montréal and Minister responsible for *Société d'habitation du Québec* (SHQ), Louise Harel, announced today, in Montréal, the signing of an Affordable Housing Agreement.

This agreement will provide \$323.3 million over five years in view of increasing the availability of affordable housing in Quebec. The federal allocation of \$161.65 million, matched by an equal contribution from Quebec, demonstrates both governments' commitment to alleviate the affordable housing problem. It should be noted that rental market conditions across Quebec are especially difficult, marked by historically low vacancy rates, particularly in the urban centres of Montréal (0.6 per cent), Québec City (0.8 per cent) and Hull (0.6 per cent).

"This cost-shared initiative means more Quebecers will have access to affordable housing," pointed out Minister Gagliano upon signing the agreement. "This is the second bilateral agreement that we are announcing since the meeting of federal, provincial and territorial housing ministers in Québec City, on November 30, 2001, where the federal \$680 million commitment for affordable housing was reaffirmed."

Minister Harel said she too was satisfied with the signing of such an agreement. "Quebec will be responsible for approving the housing projects that will be implemented on its territory pursuant to the agreement, according to its own needs and priorities. We are aware that a constant effort is needed to ensure a sustainable supply of affordable housing in Quebec, and we are taking firm action toward achieving this goal. Quebec's priority is to meet the urgent needs of thousands of low to moderate income households," specified Minister Harel.

Quebec plans to take concrete measures in the area of housing over the next few years by investing \$500 million, as announced in the Budget Speech on November 1, 2001. More specifically, according to a provision set out in the budget and in the wake of this agreement, Quebec intends to create, over the next two years, some 6,500 new units of affordable housing, which will generate total investments of \$485 million in Quebec's economy.

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## **Background - Affordable Housing Initiative**

The 2001 Speech from the Throne indicated the Government of Canada would help stimulate the production of affordable rental housing. The federal, provincial and territorial housing ministers met twice in the past year to finalize details of an affordable housing initiative so that it would, in particular, address the needs and priorities of each province and territory. The final framework was developed and unanimously agreed to by all federal, provincial and territorial housing ministers on November 30, 2001, in Québec City. This framework includes, among others, the following elements:

- Provinces and territories have the primary responsibility for designing and implementing housing programs on their respective territories.
- Provinces and territories require flexible programs to address their affordable housing needs and priorities.
- The initiative must result in the creation of affordable housing for low to moderate income households.
- Funded housing units must remain affordable for a minimum period of 10 years.
- Provinces and territories will be required to match federal contributions overall. Contributions from the provinces and territories may take the form of capital or other types of subsidies; they may also be cash or in-kind contributions provided by the province, the territory or a third party.

*Société d'habitation du Québec* (SHQ) is responsible for designing and implementing affordable housing programs in Quebec. SHQ intends to intervene over the entire Quebec territory, with the exception of Indian reserves, in view of increasing the availability of affordable housing, primarily for low to moderate income households. According to sector and regional needs, subsidies will be targeted to the construction of new housing, the major renovation of residential buildings or the recycling of non-residential buildings into rental housing.

## **Affordable Housing Agreement Highlights**

### **Objectives**

- The agreement aims to increase the availability of affordable housing in Quebec.
- Funded housing units must remain affordable for a minimum period of 10 years.

### **Administration**

- Eligible programs will be planned, delivered and administered by SHQ or by one of its agents.
- SHQ will be responsible for receiving, analyzing and approving project applications.

### **Financial provisions**

- The maximum amount to be paid by CMHC under the agreement is \$161.65 million, to be matched by the Quebec contributions.
- The average maximum amount of the CMHC contribution will be \$25,000 per housing unit, excluding administration costs.