



PRESS RELEASE



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Canada and Ontario Sign Affordable Housing Program Agreement

TORONTO, Ontario, May 30, 2002 — The Governments of Canada and Ontario today signed an Affordable Housing Program Agreement which will provide \$489.42 million over the next five years to help increase the supply of affordable housing in the province.

Federal funding of \$244.71 million, together with matching contributions from the Province of Ontario, municipalities and other private and nonprofit partners will help create an estimated 10,500 units in Ontario during the next five years. This initiative demonstrates a commitment by governments to work together to address the need for affordable housing.

The announcement was made jointly by the Honourable John Manley, Deputy Prime Minister and Minister of Infrastructure and Crown Corporations and the Honourable Chris Hodgson, Minister of Municipal Affairs and Housing.

"With this initiative and new funding, more Ontarians will have access to affordable housing," said Minister Manley following the signing. "The result is a balanced agreement that recognizes that all levels of government have a role in supporting affordable housing. This program provides flexibility in resource allocation, as well as features and incentives to encourage a broad range of affordable housing partnerships with municipalities, private developers and the non-profit sector".

"In the short term, this new program is a positive step toward increasing the supply of affordable housing. We are pleased to be providing incentives to builders which will create more housing for seniors and others in need for a guaranteed length of time. Nevertheless, Ontario is already spending \$879 million annually on housing programs: about two times more per capita than any other province," Hodgson said. "In the longer-term, it is essential to improve the business and tax climate to bring the private sector back into the construction of rental housing."

The Affordable Housing Program was announced in the Speech From the Throne in January last year, as a federal response to the affordable housing situation in Canada. The \$680 million in federal funding was confirmed in the 2001 federal budget on December 10.

Persons and organizations interested in more details on this initiative should contact the Ontario Ministry of Municipal Affairs and Housing.

For further information please contact:

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For more information visit:

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Backgrounder

Affordable Housing Initiative

The 2001 Speech From the Throne indicated the Government of Canada would help stimulate the creation of more affordable rental housing. The federal/provincial/territorial housing ministers met twice to finalize details of an affordable housing initiative that would address the needs and priorities of individual jurisdictions while meeting the goal of increasing the supply of affordable housing. The final framework was developed and agreed to on November 30 and includes the following:

- Provinces and territories have the primary responsibility for program design and delivery;
- Provinces and territories require flexible programs to address their housing needs;
- The initiative needs to create affordable housing for low to moderate income households;
- Units funded will remain affordable for a minimum of 10 years;
- Provinces and territories will be required to match federal contributions overall.

Affordable Housing Program Agreement Summary

Objectives:

- To increase the supply of affordable housing in Ontario
- The housing must be affordable for at least 10 years

Programs:

Funding under this agreement will be used for:

1. an affordable urban rental housing program to stimulate the production of new affordable rental housing by private and not-for-profit corporations.
2. an affordable urban home ownership program to ease the demand for rental housing by assisting rental households to purchase newly built, affordable homes in urban neighbourhood revitalization areas.
3. an affordable remote housing program to create or rehabilitate through major renovation, affordable rental or ownership housing in remote areas.

Administration:

The program(s) will be administered by the Ontario Ministry of Municipal Affairs and Housing (MMAH). MMAH is responsible for the selection of projects.

- Municipalities will play a significant role in implementing the programs through Municipal Service Managers.

Financial Provisions:

- Average overall CMHC funding will not exceed \$25,000 per unit.

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Maximum CMHC funding under the agreement is \$244.71 million to be matched by the Province of Ontario, municipalities and other private and nonprofit partners. These contributions include capital grants for affordable housing, tax incentives, fee reductions and in-kind contributions (e.g. land).

Accountability:

- MMAH will provide an annual audit and performance report on the use of CMHC funding.
- CMHC will lead an evaluation of the program in 2006 and MMAH will be invited to participate.

Communications:

- The MMAH and CMHC have agreed on a communications protocol which will be open, transparent and will recognize the contributions of each party to this initiative.

Other Government of Canada Housing Support in Ontario

The \$244.71 million federal contribution over the next five years builds on current Government of Canada expenditures on housing in the province of Ontario.

The Government of Canada annually supports housing in Ontario with approximately \$676 million in grants, contributions and subsidies which serve some 243,000 low income families, seniors, persons with disabilities, Aboriginal people and victims of domestic violence.

This includes funding for existing social housing and federal renovation programs such as the Residential Rehabilitation Assistance Program (RRAP), Home Adaptations for Seniors' Independence (HASI), Emergency Repair Program (ERP).

Beyond social housing, CMHC supports affordable housing through its housing finance activities. CMHC mortgage insurance has helped one in three Canadians to access financing to purchase a home. Recent enhancements to the underwriting criteria and premiums and fees of CMHC's rental mortgage insurance will improve the business climate for rental investment.

CMHC increases the supply of low-cost funds through National Housing Act Mortgage Backed Securities (MBS). In 2001, over 110,000 single and 25,000 multiple units were insured and nearly \$9 billion worth of MBS were guaranteed by CMHC.

CMHC continues to develop alternate sources of funds to lower housing finance costs for Canadians. On June 15, 2001, CMHC announced the successful launch of the Canada Mortgage Bond Program. To date, \$8.1 billion has been raised for mortgage financing through three issues.

CMHC also supports affordable housing partnerships through the Canadian Centre for Public-Private Partnerships in Housing. In 2001, the Centre assisted 3,600 affordable housing units across Canada. In addition CMHC supports the creation of affordable housing through research and demonstration activities, such as Homegrown solutions and Affordability and choice Today, which seek innovative approaches to support affordable housing production.

As well in Ontario, 2,450 units of On-Reserve Housing are administered by First Nations Communities.

In addition, The Government of Canada is spending \$753 million on a national homelessness strategy, including \$311 million to expand programs designed to repair and improve housing for low-income people, and \$2 billion for municipal infrastructure.

Government of Ontario Initiatives to Remove Barriers to Rental Housing

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In 2000/2001, Ontario and its municipalities spent \$879 million on social housing. On a per capita basis, Ontario has spent almost twice as much on affordable housing as any other province in Canada during the past decade.

The Ontario government has also taken a number of actions to promote the construction of rental housing, to support housing-related programs, and to relieve pressure on the rental housing market in Ontario. These include:

- The Affordable Rental Housing Incentive Program offers a grant of \$2,000 per affordable unit to encourage builders to build affordable rental housing. Four million dollars in provincial sales tax relief on construction materials for new affordable housing has been provided for 2,000 units.
- As part of the federal-provincial program, Ontario will invest \$20 million in new funding to provide grants of \$2,000 to offset the cost of the PST on affordable housing units that qualify for the program.
- Between 2001 and 2006, the government will spend \$67 million to provide homes for people with developmental disabilities in community settings.
- Between 1999 and 2002, the government will spend \$135 million to support the immediate and long-term housing needs for people suffering from mental illness who are homeless or at risk of being homeless.
- Starting in 2001, the province has committed to make public land available to build at least 500 units of affordable housing.
- The government has committed \$50 million to rent supplements to help house up to 7,000 families.
- Through the Long-Term Bed Allocation Program, the province will spend \$1.2 billion to expand long-term facilities for Ontario's aging population.
- Through the Provincial Homelessness Initiative Fund, the government is spending \$10.4 million to help municipalities fund innovative projects that direct services to homeless people or those at risk of being homeless.
- Through the Land Transfer Tax Rebate Program, the province has spent \$123.4 million to assist almost 90,000 first-time homebuyers in purchasing their new homes, which has freed up rental housing units.

Legislative and regulatory changes

The Ontario government has made a series of legislative and regulatory changes to change the business and tax climate to make building and operating rental housing a sound economic investment. These include:

- The Tenant Protection Act reformed the rent system, improved the maintenance of rental building and is helping create a better climate for the construction of new rental housing.
- Amendments made to the Building Code reduced the red tape barriers for building rental units.
- Amendments to the Development Charges Act reduced the scope of services for which municipalities can levy development charges.
- Through regulations passed under the Fair Municipal Finance Act, the province has given municipalities the power to create a separate class for new rental buildings and to provide these buildings with favourable tax treatment for 35 years. This means that these new multi-residential buildings can be taxed at the lower rate that applies to single residential homes.
- Amendments made to a regulation under the Municipal Act will allow municipalities to provide financial incentives to private sector developers of affordable housing through reduced fees and charges, low interest loans, the elimination of taxes and waiving or reducing development charges.
- Changes to the Planning Act streamlined the planning approvals process making it easier for developers to build.
- Provisions in the Social Housing Reform Act 2000 permit municipalities to undertake redevelopment of old public housing to provide newer mixed affordable housing with ministerial consent. The Act also permits Local Housing Corporations to borrow and/or bonus in order to develop or redevelop affordable housing.

For more information visit www.mah.gov.on.ca

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From left to right: the Honourable Chris Hodgson, Ontario Minister of Municipal Affairs and Housing, Peter De Barros, Manager, Communications, CMHC, and the Honourable John Manley, Deputy Prime Minister and Minister of Infrastructure and Crown Corporations.



The Honourable Chris Hodgson, Ontario Minister of Municipal Affairs and Housing, and the Honourable John Manley, Deputy Prime Minister and Minister of Infrastructure and Crown Corporations.