



PRESS RELEASE



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Government Announces Additional Assistance for Housing Co-operatives with Moisture Damage

VANCOUVER, British Columbia, July 8, 2003 — The Honourable Steven Mahoney, Secretary of State responsible for Canada Mortgage and Housing Corporation (CMHC) announced today new measures to assist housing co-operatives in B.C. that are facing high repair costs to address moisture problems with their buildings. The package includes a more integrated, flexible approach and enhancements to current financial assistance.

"Our goal is to work with B.C. housing co-operatives to address these problems quickly and reduce the debt they are carrying as a result of moisture damage to their buildings", said Secretary of State Mahoney. "This builds on the work already undertaken by CMHC to find workable, affordable solutions to these problems unique to B.C. and to ensure co-op members continue to have access to quality, affordable housing."

A dedicated national team, with the authorities necessary to make quick decisions, will be established and a more streamlined process will be put in place to speed up the review of applications for assistance. In addition, CMHC is negotiating with B.C. Housing to manage the technical assessment and repair process of co-operative housing projects affected by moisture damage.

CMHC maintains its commitment to protect low-income co-op members so that they may continue to live in the co-op. If a low-income household chooses to move out of a co-op, they may be replaced by another low income household, provided the co-op has income-tested subsidy available. Under the new rules, income-tested subsidy available for low-income households will not be redirected to pay for repairs, in the case of a low-income member leaving the co-op of their own accord.

In addition, enhanced measures will help to reduce the debt levels of affected co-ops. CMHC will immediately forgive 50% of the interest charged on third mortgages it provides to co-operatives. These mortgages are available to housing co-operatives who require more assistance than the interest free loan available through the Homeowner Protection Office's Reconstruction Loan Program.

Additional financial assistance will also be made available to co-operatives who have managed their projects effectively but may be adversely affected by the impact of moisture damage on the project combined with reductions in subsidy assistance due to lower mortgage interest rates.

Depending on how many co-operatives are eligible for the financial assistance components, the cost of the additional financial assistance measures being announced today are approximately \$10 million.

The Co-operative Housing Federation of British Columbia welcomed the Secretary of State's announcement. "We applaud the Minister's determination to find a solution to the leaky co-op crisis and we look forward to working with CMHC to implement a lasting solution", said Savo Djuretic, President of CHFBC.

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CMHC has identified approximately 65 housing co-operatives within the federally-administered co-operative housing programs that have been affected by moisture damage. The level of assistance will vary from co-op to co-op and depend on the assessment of each application.

Housing co-operatives continue to be eligible for the interest free loans offered through the Home Protection Office to pay for the costs of repairing moisture damaged condominiums and co-operatives. The federal government, through CMHC, provides \$27.7 million towards this initiative.

"I personally want to thank the Honourable Herb Dhaliwal, Minister of Natural Resources and Minister Responsible for British Columbia, and all of the B.C. Liberal Caucus for their unwavering support for improving the living conditions of co-op residents in B.C.", added Secretary of State Mahoney.

CMHC also provides assistance to homeowners of moisture damaged condominiums through flexibilities offered through the mortgage insurance program. These flexibilities enable the homeowner to access a CMHC-insured second mortgage or refinance their current mortgage to cover the additional loan required to pay for repair costs.

CMHC spends approximately \$209 million each year in B.C. to support housing, including the co-operatives.

For more information:

Douglas Stewart,
Vice President, Policy and Programs,
CMHC
(613) 748-2553