



PRESS RELEASE



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Federal Housing Minister Fontana Announces New Option for Affordable Housing

TORONTO, Ontario, March 23, 2005 — Rent supplement programs will now be eligible for funding under the Affordable Housing Initiative, announced the Honourable Joe Fontana, Minister of Labour and Housing today. He made the announcement, accompanied by the Honourable Tony Ianno, Minister of State (Families and Caregivers), during a visit to an innovative affordable housing project in downtown Toronto.

"I have been working with provinces and territories in recent months to implement new flexibilities that improve the delivery of affordable housing. Today's announcement builds on the flexibilities announced last fall and responds to those provinces who have communities with high vacancy rates," said the Minister. "In the short term, this new tool will enable provinces and territories to offer another solution to address housing needs, on an interim basis, in those markets."

"The Nova Scotian experience has shown rent supplements to be an effective and efficient means to deliver affordable housing, especially for low income families," said the Honourable David Morse, Nova Scotia Minister of Community Services and co-chair of the Federal-Provincial-Territorial Ministers of Housing. "This is an important addition to the Provincial and Territorial menu of federal tools to address our affordable housing challenges."

A rent supplement pays the difference between the market rent for a unit and rent which is affordable for the low income household that live in that unit.

"Our cities and communities are engines of growth, employment and innovation and shelter is the foundation upon which healthy communities and individual dignity are built," said Minister Fontana. "This change will help those most in need, including low-income seniors, persons with disabilities and new Canadians who live in cities with high vacancy rates. It also demonstrates the clear commitment of the Government of Canada to ensure that Canadians have access to affordable housing solutions."

These supplements will enable low income households or those currently on social housing waiting lists to move into existing vacant units, thereby utilizing current rental housing available in the market. These include vacant units in existing social housing, non-profit housing or co-operative housing projects. The units must be modest and meet basic health and safety standards in order to be considered eligible for the program.

Provinces and territories will be able to allocate a portion of the federal contribution remaining under the Affordable Housing agreements to rent supplements and will be required to match the federal contribution. The remainder of funding under the agreements will be available for the creation of new affordable housing units including community-based housing and housing for people with special needs.

As part of its commitment to meeting the housing needs of Canadians, the Government of Canada is investing \$1.8 billion by 2008 to address the increased need for affordable housing, housing services for the homeless and renovation

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In addition, the Government of Canada, through Canada Mortgage and Housing Corporation, spends approximately \$2 billion annually primarily to support some 636,000 housing units across Canada. This amount is used to support low-income households in existing social housing stock, through long term agreements.

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Backgrounder

Federal Flexibility with Respect to Additional Federal Funding for Affordable Housing

A. The following flexibilities are available with respect to the Affordable Housing Initiative:

Home Ownership

1. Federal Phase 2 funding may be used for lease to purchase housing and up to 25 per cent of Phase 2 funding may be used for life leases.
2. Provinces will have greater flexibility to use AHI funds for homeownership under Phase 1. (i.e., the broader definition of redevelopment areas under Phase 1)
3. Phase 1 funding may be used for major renovation of affordable homeowner units at risk of demolition.
4. Home ownership projects for low-income families will be eligible for funding under both phases of the Affordable Housing Initiative, subject to a cap of 25 per cent. (Previously, Phase 2 did not permit home ownership.)

Targeting

5. Phase 2 funding may be used for targeted low-income units within mixed-income buildings.
6. Phase 2 funding may be used in urban communities of any size with significant low-income rental housing needs.
7. Phase 2 funding may be used for major repair of rental housing at risk of falling out of the affordable housing stock, excluding federally-funded social housing.
8. Phase 2 funding may be used for the creation of new affordable rental housing units on social housing regeneration sites.
9. The acquisition and repair of existing buildings for re-use as affordable housing for low-income households will be eligible under the Program.

Cost-Sharing

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10. Uncommitted units may be moved between Phase 1 and 2 to take advantage of different policy parameters and cost-sharing conditions.
11. For Phase 2, housing subsidies from other provincial departments, such as health, on units receiving federal assistance will be counted as provincial funding for cost-sharing purposes.
12. Contributions from other third parties may be counted as municipal funding in the 10 per cent limit if municipal funding is not forthcoming. (Phase 2 limits the municipal share of provincial cost sharing to 10 per cent or the traditional municipal share of federal-provincial housing programs)
13. Provincial and territorial spending on other affordable housing programs will be counted for cost-sharing purposes and cost sharing may be 50:50 overall, rather than unit by unit.
14. If provinces or territories use ongoing subsidies to match the federal funds, the full present value of that subsidy will be considered as the province's contribution.
15. Over-contributions to Phase 2 may be counted as contributions to Phase 1.