

Federal Housing Programs

A quick review for ready reference



CMHC



Central Mortgage
and Housing Corporation

Société centrale
d'hypothèques et de logement

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An Introduction to CMHC Programs

Through a variety of programs, broadened by recent amendments to the National Housing Act, the Corporation assists all Canadians to be well housed at an affordable cost in a safe and satisfying community environment.

Programs are tailored to the needs of people of all incomes and in all parts of the country. The National Housing Act offers people the widest possible choice about the kind of housing they will occupy and how they will occupy it — as tenants, owners, or members of co-operative organizations.

The Corporation, however, is concerned not only with housing but with the whole community in which people live. For this reason, it also provides assistance in the form of beneficial loans and grants for the public assembly of land, the provision of sewage treatment facilities, the creation of new communities and the preservation and improvement of neighborhoods, including the rehabilitation of housing.

In anticipation of growing and changing needs, the Corporation also conducts developmental and demonstration programs, on its own initiative and in co-operation with others, to find and display new approaches to housing and community problems.

The most significant of these programs are briefly described on the pages that follow.

Assisted Home-Ownership Program (CMHC-funded)

Under the Assisted Home-Ownership Program the Corporation makes direct loans and contributions to help some families to own their own homes. This assistance is available to families with one or more dependent children and is related to income.

The objective is to enable families to own a home without spending more than 25 per cent of their income in mortgage payments and municipal taxes. At the same time, the program encourages the building industry to produce housing in the low and medium price range, on a continuing basis. In some parts of the country the program is supplemented by contributions from provincial and municipal governments.

Depending on the family income, mortgage interest rates may be reduced from the market rate down to the level at which the Corporation itself borrows money and may be reduced even beyond that level through further contributions on a scale set out in the regulations.

Because housing costs vary from one market area to another, the maximum house price for which assistance is available and the maximum eligible income of families served, also vary from region to region.

Privately- Funded AHOP

Amendments to the NHA designed to attract private capital into the Assisted Home-Ownership Program, provide interest-reducing federal grants to families who get private, NHA-insured mortgages at prevailing interest

rates from approved lenders. The same general terms and conditions apply as in the case of mortgages provided directly by CMHC.



Rental housing for low-income families, senior citizens, and others can be financed under different provisions of the National Housing Act.

Plusieurs dispositions de la Loi nationale sur l'habitation prévoient le financement de logements locatifs pour familles à revenu modique et personnes âgées.

Rental Housing Assistance

CMHC's Rental Housing Assistance Program makes loans available at reduced interest to organizations who are prepared to build or acquire housing for rental, at agreed rates, to people of limited means. Most often this program is used to help elderly people and frequently for various disadvantaged groups. Eligible income ranges are specified in the agreement with CMHC. Projects designed specifically for elderly people may provide for some nursing care.

Loans of up to 95 per cent of lending value are available to any organization which can produce this kind of housing at an acceptable cost.

Non-profit organizations — such as churches and service clubs — can get loans for 100 per cent of the lending value and an outright contribution of 10 per cent of the capital cost. As an alternative to a 10 per cent capital contribution, CMHC may acquire the land they need and lease it to them at a favorable rate.

Non-profit organizations are defined in the Act but generally they are those in which no part of the income is available for the personal benefit of any member. It can be a charitable organization, or a non-profit co-operative, or a municipally-owned organization.

Provincially-owned non-profit corporations may get only 95 per cent loans but are eligible for the full 10 per cent capital contribution where it is used to reduce the amount of the loan.

Private non-profit organizations (not those municipally or provincially-owned) may get up to \$10,000 in start-up funds to help them plan and initiate a project. These funds may cover the cost of research, organization, selecting a site, optioning land, paying professional fees, and so on.

In the case of housing intended for war veterans, further assistance is available from the Department of Veterans Affairs, in addition to that provided by CMHC.

Privately-Funded Rental Housing

Under amendments introduced in December, 1974, CMHC makes grants to owners of new rental housing projects who get private, NHA-insured loans, if they are prepared to enter an agreement regarding rents and other conditions.

This program, like the privately funded AHOP, is designed to attract more private capital into the construction of moderately-priced housing and, particularly, to stimulate the building of rental housing.

Owners enter an agreement with CMHC for a period of at least five years but it could be extended up to 15 years. In addition to specifying a fair and reasonable rent, the agreement would require that the project conform to CMHC's construction standards and may not be sold without CMHC's consent.

The grants, on a scale specified in the regulations, are intended to bridge the gap between what the owner must pay for the capital he borrows and an interest rate which would allow him to produce units for reasonable rents.

Rural and Native Housing

CMHC's Rural and Native Housing policy, announced in March, 1974, attempts to marshal all of the resources of the NHA for the benefit of rural and native people and, specifically to build or acquire and rehabilitate 50,000 housing units for these people in the next five years.

The policy is to encourage the people concerned to plan, build and manage their own projects as much as possible, so that they will acquire not only housing but new skills and economic security as well. The resources of many other federal programs are channelled to rural and native people through an interdepartmental committee, of which CMHC is

chairman. At the provincial level, federal-provincial rural and native housing committees perform a similar function.

One innovative aspect of the policy is to allow rural and native people to buy their homes with monthly payments related to their incomes, on a scale similar to that used to calculate rents in public housing projects.



Co-operative housing can take many forms. Here three-storey row housing provides a reasonable option for families seeking housing at moderate cost.

Les logements coopératifs peuvent revêtir diverses formes: ces maisons de trois étages en rangée offrent une solution aux familles qui recherchent un logement à des prix abordables.

Co-operative Housing Assistance

CMHC encourages and assists co-operative housing as an alternative kind of tenure which suits many people's needs and preferences.

All of the assistance available under the Act to individuals and organizations is also available to co-operatives on the same conditions.

In Canada, there are two kinds of co-operative, each different in organization and purpose: building co-operatives, for the construction of housing which is to be individually-owned after it is built; and continuing co-operatives in which the members always jointly own the housing units.

Loans are available for both kinds of co-operatives.

Continuing co-operatives which qualify as non-profit organizations can make use of all of the benefits of the Rental Housing Assistance Programs — including 100 per cent loans, 10 per cent capital contributions or favorable land leases, and up to \$10,000 in start-up funds — and of the provisions of the Residential Rehabilitation Assistance Program.

A building co-operative with families of low or moderate income may obtain a loan under the Assisted Home-Ownership Program or under the Federal-Provincial Partnership provisions. Where members' incomes are higher, they can apply to an approved lender for a loan insured under the NHA.

Public Housing Assistance

CMHC's public housing program helps to provide accommodation for people who need help at a cost related to their income.

This assistance is provided by means of an agreement between the Federal Government and a province, a municipality or a public housing agency.

It may be in the form of a partnership, by which the housing is jointly-owned by the Federal Government and the local government or agency, or in the form of a federal loan.

In most cases, revenue from rentals is not enough to amortize the capital costs and cover operating expenses in which case the losses are shared.

Under a partnership arrangement the Federal Government puts up 75 per cent of the capital and covers 75 per cent of deficits. In some cases the remaining 25 per cent is shared between the province and a municipality.

Under a loan arrangement, CMHC lends 90 per cent of the cost of a project and may pick up half of the annual operating losses.

Through CMHC, the Federal Government may enter an agreement with a province to share the cost of making some units in non-profit projects available to low-income people at rents scaled to income. The Federal Government will pay for half of the losses on these units. Units to be subsidized for low-income families are generally restricted to 25 per cent of the total number of units in the project, but exceptions may be made with the agreement of the two governments. There are no limits on the proportion of units which may be subsidized for senior citizens.

Under arrangements with three provinces — Nova Scotia, New Brunswick and Prince Edward Island — CMHC may enter an agreement with a provincial housing commission to share the costs (75 per cent Federal, 25 per cent Provincial) of continuing co-operative organizations which build housing for low-income members.

Home Improvement Loans

Loans for improving houses and apartments are made by banks and other lenders and are guaranteed by CMHC. The money can be used for many different kinds of repairs, alterations and additions, inside and outside the building. Loans can be for as much as \$4,000 for a one-family

dwelling. In the case of a multiple-unit building, there is a limit of \$4,000 for the first family unit and \$1,500 for each additional unit. Interest charged is generally close to the prevailing market rate.

Land Assembly Assistance

The Federal Government through CMHC helps provinces and municipalities to finance the acquisition, planning and development of land for housing.

The purposes of the program are: to affect land prices as an element of housing costs; to encourage municipalities to initiate residential development within broad growth policies; and to improve land-use and residential servicing concepts.

CMHC gives priority to land assembly programs which are likely to bring land into production quickly, where any profits

are used to provide community facilities and amenities and where land is sold or leased on terms which permit occupancy by people with a wide range of incomes.

Such projects may be financed either as a federal-provincial partnership or by a CMHC loan to a province, a provincial agency or, with provincial approval, to a municipality.

New Communities Program

CMHC encourages the creation of new communities as a way of providing an alternative to urban sprawl, accommodating regional growth centres, or creating balanced development in remote towns dependent on resource industries.

Assistance is available by way of either federal-provincial cost-sharing agreements or loans and

grants to provinces and provincial agencies. These arrangements can be used to finance the acquiring of land for various purposes, for planning, and for the designing and installing of certain public utilities and services.



Municipal sewage treatment facilities like these qualify for financial assistance under the National Housing Act.

Les services municipaux de traitement des eaux-vannes peuvent bénéficier d'une assistance financière consentie aux termes de la Loi nationale sur l'habitation.

Sewage Treatment Assistance

Most of the sewage treatment facilities in Canada in recent years have been financed with the assistance of CMHC. As a means of planning and managing urban development, and to help control water and soil pollution, the Corporation makes loans, with forgiveness provisions, to provinces and municipalities for treatment plants, sanitary trunk sewers, and for storm-water trunk sewers where they are used to create new residential development. The loan covers up to two thirds of the cost of the project and is for a term of up to 50 years. Twenty-five per cent of the loan and of accrued interest may be forgiven.

Special additional grants may also be made to communities where, because of small population or difficult topography, the per capita cost of sewage works is excessively high.

Federal grants are available for eligible projects even though the loan was made privately and not through CMHC. Contributions may also be made for comprehensive regional sewerage plans.

Neighborhood Improvement Program

The Federal Government, through CMHC's Neighborhood Improvement Program, helps municipalities and local residents to preserve and improve older urban neighborhoods which are in danger of decay and destruction.

Neighborhoods for which help is available should be mainly residential, largely occupied by low-income and moderate-income people. In these places CMHC will contribute half the cost of some kinds of improvement and one-quarter of the cost of others. Grants are available to help with the process of choosing neighborhoods, developing plans, acquiring land for housing and for social and recreational facilities, improving municipal works and other purposes. CMHC will also lend the municipality up to 75% of its share of the project.

The NIP Program is subject to a federal-provincial agreement which designates the municipalities within the province which are to be eligible for assistance. The municipality proposes the neighborhoods within the municipality. In all cases, local residents must be involved in the development and implementation of the neighborhood plan.

Residential Rehabilitation Assistance Program

The Residential Rehabilitation Assistance Program helps to ensure an adequate stock of good housing for Canadians by extending the useful life of existing homes. It is intended primarily for low-income people and is closely associated with the NIP Program and with non-profit housing projects.

Through RRAP, families may borrow up to \$5,000 to restore their homes to acceptable standards of health and safety. Up to \$2,500 is forgivable, according to income. Where loans are made to landlords, they must agree to rent controls. Loans are available in NIP areas, and for non-profit housing projects wherever they may be, and in special areas designated by federal-provincial agreement.

Development and Demonstration Program

CMHC plays a leadership role in developing and demonstrating innovative solutions to housing and community problems.

A new Development and Demonstration Group was recently organized within the Corporation, under the direction of a vice-president. Development and demonstration projects will be aimed at not only physical problems but social and economic ones as well. They can cover such subjects as making the best use of land, new forms of medium-density housing, new ways of conserving household energy and recycling waste, managing social and economic diversity, and many other ideas. CMHC will direct

these programs with the advice and participation of other governments, the building industry, the professions, and the local community. Its objective is to create projects which will represent benchmarks of excellence against which all other development must be measured. Each project must be economically viable and capable of being reproduced, with local modifications, throughout Canada.



Condominium housing, relatively new in Canada, is another way home ownership can be achieved at moderate cost.

Relativement nouveau au Canada, le régime de la copropriété permet aux familles l'accès à la propriété à des conditions compatibles avec leur budget.

Home-Owner Grants

Beginning in December, 1974, and for one year, CMHC was authorized to make grants of \$500 to first-time purchasers of new, moderately-priced houses. To be eligible for the grant, the home must be within price limits set by CMHC in each market area and must be occupied between November 1, 1974 and October 31, 1975. The home must be the buyer's principal residence and must conform to municipal building codes. The grants are available to purchasers of condominiums,

mobile homes and to members of a co-operative housing association who occupy a unit in a co-operative project, as well as to buyers of more conventional housing. Mobile homes must be certified by the Canadian Standards Association. Where the housing is on leased land, the term of the lease must be at least five years.