

Statements by Ministers

vate market. This represents a significant improvement over previous programs, under which only a third of the total units provided went to households in need. This will enable us to reduce the level of outstanding need by less than 2 per cent per year.

There will be two packages of social housing programs—one for urban areas and one for rural areas. The package for urban areas will include three programs—a new non-profit housing program, a rent supplement program and improved renovation assistance.

The new non-profit housing program will be used to increase the supply of affordable units. Unlike the Section 56.1 program, which is funded through a reduction in the mortgage interest rate to 2 per cent, assistance under the new program will be based upon the difference between project costs and revenues generated by the application of the rent to income scale. Assistance will be directed to households in need.

The rent to income scale will provide, as it does now, that tenants will not pay more than 25 per cent of their income for rent. A rent supplement program will be provided to subsidize rents in regions where an adequate supply of accommodation is available, but it will be targeted to households which cannot afford that accommodation. The current program, which has proved cost effective where used, is being substantially expanded. We are making a number of significant changes in federal renovation assistance. The assistance is designed to bring substandard housing up to minimum health and safety standards. The present approach in designating areas under the urban program is being eliminated, and assistance will be available and targeted to households in need, without geographic limit.

There are significant alterations to the rental RRAP program. To prevent excessive rate increases and the displacement of people who need help, as has often happened under the present program design, assistance will be increased from an average of \$3,500 to \$12,000 per unit. Assistance levels will depend on the relationship between the rents of the property involved and the local market rent. Assistance will be directed to the older, lower-cost housing stock occupied largely by low-income households. A new renovation plan to assist the disabled will raise maximum funding from \$1,500 to \$5,000. RRAP in rural areas will remain unchanged, as will the home ownership-rental component of the rural and native housing program. We will also be undertaking a demonstration program in rural Canada to provide up-front funding for materials, with the clients or communities providing the labour.

The particular mix of these programs to be used in various areas of the country will be based upon an assessment of the housing needs which must be addressed, the availability of accommodation in the private market and the specific requirements of groups with special housing needs. This will ensure that the strategies followed will be cost effective and flexible.

In my consultations I received strong representations calling for the continuation of some income mixing to avoid low-income ghettos and the community resistance they may generate. I want to make clear that directing assistance to

households in need does not mean a return to the discredited versions of public housing. The definition of those in need is broad enough to allow for a considerable range of income groups to be served. It allows us to continue to assist the working poor, as well as senior citizens and families on welfare.

Also, under the new arrangements with the provinces which I will be outlining, there is the possibility of income mixing beyond those in need, although in such cases federal subsidies would not apply. An emphasis on smaller projects, plus the income mixing features of the new co-op and rent supplement programs, will continue to facilitate the integration of assisted households into the community.

The second major departure in social housing strategy relates to the participation of the provinces. To increase the resources available and to reduce duplication, we are prepared to negotiate a package with any interested province which would allow the provinces and the federal Government to work in a closer partnership. I must emphasize that this does not represent a transfer of federal responsibility for social housing to the provinces. To improve efficiency, we are prepared to agree to provincial delivery under certain specific conditions.

Increased provincial financial contributions, ranging from 25 per cent to 50 per cent, will be required. In addition, a joint three-year planning of social housing strategies will be undertaken to ensure that federal housing objectives and accountability requirements are met. Present delivery groups such as private non-profits, co-ops and native groups will continue to be involved. I expect some provinces to participate in this arrangement. Where provinces wish *status quo*, the federal Government will continue to be responsible for delivery.

The third significant change from the current social housing strategy is in the area of co-operative housing. The federal Government has been instrumental in fostering the co-operative housing sector. However, while co-operative housing provides security of tenure for some low-income households, its main objective has been to provide security of tenure for moderate and middle-income households as an alternative to home ownership. The measures we are introducing, which are being developed in close consultation with the co-operative housing foundation, recognize these two objectives and provide a level of assistance intended to help that group of people with incomes above those in core need that are unable, through no fault of their own, to afford home ownership. This will be achieved through a new co-operative housing program based on index-linked mortgages and subsidies. Some units will also be eligible for rent supplements to enable low-income Canadians to enjoy the benefits of co-operative living.

I should like to talk about two other areas in which we are taking new directions—market housing and housing quality. The objective of the federal market housing policy will be to assist in developing a climate of stability to allow builders to respond to the demand for family homes for ownership. We will not be introducing programs to stimulate home ownership artificially or the private rental housing market. Should future circumstances compel us to consider such measures, the Gov-