

Canada Weekly

Volume 3, No. 46

November 12, 1976



EXTERNAL AFFAIRS
DIPLOMATIE EXTERIEURE
PAWA
NOV 11 1976
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Four-year federal commitment for a million inexpensive homes

Urban Affairs Minister Barney Danson announced on November 3 a new federal program designed to produce a million new housing units over the next four years, with a target of 235,000 starts in 1976.

"Our commitment is to stimulate production of the kind of good quality housing that lower- and middle-income Canadians need and can afford," the Minister said, "and to stimulate employment throughout the economy."

To achieve this, the Federal Government will:

(1) Require private lending institutions to direct in 1976 an additional \$750 million into the financing of new, lower and moderately-priced housing.

(2) Require private lending institutions to restrict their low down payment (high ratio) lending to new lower and moderately-priced housing.

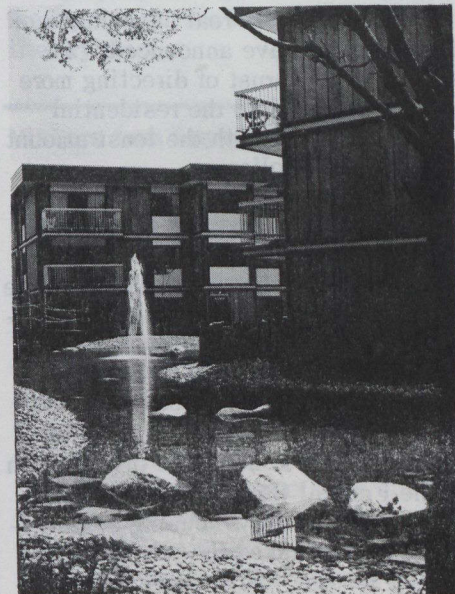
(3) Make the Assisted Home Ownership Program (AHOP) available to any Canadian who wants to buy moderately-priced housing. The program will also be extended to include households of two or more people.

For people with children who need help to keep their monthly payments under 25 per cent of their income, the maximum interest-reducing grants are increased from \$600 a year to \$750.

For others, assistance will be in the form of a loan which will be interest-free for the first five years and repayable with interest after that time, or when the house is sold or refinanced. The loan will be sufficient to cover the difference between market interest rates and interest at 8 per cent.

(4) Stimulate increased production of moderately-priced rental accommodation. The Assisted Rental Program makes interest-reducing grants available to builders who will create rental housing at rates agreed to by Central Mortgage and Housing Corporation. Maximum annual grants to them will be increased from \$900 to \$1,200 per unit to compensate for recent interest-rate increases and to encourage supply. These grants would also be recoverable.

(5) Extend to the end of 1977, capital-cost allowances of rental accommoda-



The new program is intended to increase construction of more inexpensive rental accommodation possibly like these "town and country" apartments in Langley, British Columbia.

tion. This measure encourages investment in rental construction by allowing capital costs to be deducted from other income for tax purposes.

(6) Establish the Federal Mortgage Exchange Corporation on an operational basis by next spring.

(7) Make housing development more attractive to municipalities. A \$1,000-grant for each unit will be given to municipalities which approve medium-density housing within AHOP and Assisted-Rental price limits.

Also, loans will be made available to municipalities for water-treatment facilities and mains, where they are needed to open up land for housing.

Immediate aims

The federal program is intended to deal with three immediate housing objectives: to increase production of more moderately-priced housing units for both sale and rental purposes; to enable Canadians to afford the housing that is produced; and to prevent people who are already well-housed from taking advantage of the situation to

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