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Last year's housing starts exceeded Government target

Last year, housing in Canada was notable in two ways, states Central Mortgage and Housing Corporation in its 1975 annual report, recently published. Production, which had slowed in 1974 and early 1975, recovered and by year-end there were more than 230,000 housing starts, exceeding by a substantial margin the Government's minimum target of 210,000.

The other notable trend, says the Federal Government housing agency, was the shift in housing production

The total number of households in 1975 is estimated at 6,710,000, representing an annual addition of some 200,000 during 1975. This is close to the estimated annual average for the period 1971-1976.

away from more expensive housing towards the medium- and lower-price ranges. As an indicator of this trend, the number of starts financed under National Housing Act (NHA) programs increased by more than 40 per cent in 1975, compared with starts in 1974. This emphasis, which was reinforced by the new and modified federal-assistance programs and by limitations observed by lenders on high-ratio loans, has had a significant effect on the residential construction industry and has brought it closer to the most urgent housing needs of Canadians.

Serviced land needs

During 1975 a continued effort was made by all levels of government to increase the supply of serviced land and to stabilize land prices. Some progress has been made, through federal-provincial conferences, in increasing awareness of the need to speed up approval processes and get serviced land onto the market more quickly. The most recent amendments to the NHA provide for a contribution of \$1,000 to municipalities for each unit of moderate cost medium-density (ten to 45 units an acre) housing completed. This incentive is intended to help stimulate desirable residential development.

Encouraging progress was made also in the implementation of the Rural and Native Housing Program and Residential Rehabilitation and Neighbourhood Improvement. These programs, which depend for their success on the direct involvement of client groups, are growing at a steadily accelerating pace.

New assistance programs

During 1975, Parliament enacted two bills making important amendments to the National Housing Act. The first, given Royal Assent on March 26, broadened the Assisted Home-Ownership Program (AHOP) and the Assisted Rental Program by making interest-reducing federal grants available to qualified home buyers or rental-housing entrepreneurs who obtained their financing through private mortgage loans. Previously these grants were available only with direct mortgages from Central Mortgage and Housing Corporation. These changes helped to draw almost three-quarters of a billion dollars of private mortgage loan commitments into new modest housing.

In December, the NHA was amended again in support of the Federal Housing Action Program, under which the Government committed itself to a target of a million new housing starts by the end of 1979 — with a significantly greater part of them in the lower- and medium-price ranges. This target was established to meet the estimated minimum needs of Canadians over the next four years, taking into account family formation, vacancies and other factors. The target for 1976 was set at 235,000 housing starts. A million new starts would mean more than a million

Price increases for residential construction slowed noticeably in 1975. The 11.8 percent increase in construction costs per square foot for single-detached houses financed under the National Housing Act was the lowest since 1972. Costs per square foot increased from \$22.84 in 1974 to \$25.53 in 1975 for Canada.

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