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GOVERNMENT OF THE NORTHWEST TERRITORIES
REPORT ON THE FEDERAL/PROVINCIAL CONFERENCE
ON HOUSING - JANUARY 22-23, 1973

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As a result of an invitation for delegate representation extended to the Commissioner by the President of Central Mortgage and Housing Corporation, Roy McClure, Chief of Housing, attended the Conference which was held at Ottawa.

The Conference was chaired by the Honourable Ron Basford, Minister of State for Urban Affairs, and was attended by Provincial Ministers responsible for Housing in each of the 10 Provinces, together with their Advisors. The Governments of the Northwest Territories and Yukon were part of the Federal Contingent of Advisors. The Agenda covered Amendments to the National Housing Act, Intergovernmental Operating Relationships, Future Process of Joint Policy and Program Development, and Block Funding.

Background Facts: Consultation was carried out twice with representatives of the Government of the Northwest Territories by senior officers of Central Mortgage & Housing Corporation during the Summer and Fall of 1972. Similar consultations were carried out with the Provinces. The proposed Amendments to the National Housing Act were the result of these consultations.

AMENDMENTS TO THE NATIONAL HOUSING ACT

The following summary is a statement which was prepared under the direction of the Minister of State for Urban Affairs and distributed at the conference.

SUMMARY

The following briefly sketches amendments which are proposed to the National Housing Act, their purpose and their main provisions:

1. Assisted Home Ownership

This program is intended to help more low-income families, who would otherwise be obliged to live in public-housing or other rental accommodation, to own their own homes.

The extent of assistance available under this program is related to the family's income and need. The term during which the mortgage is repaid may be extended up to 35 years, to reduce the amount of monthly payments. The interest rate charged on the mortgage may be reduced, according to the family's income, from the prevailing market rate to close to the rate at which Central Mortgage and Housing Corporation borrows its funds. If these kinds of help are not enough, the Federal Government can make the family an annual grant to further reduce monthly payments.

Most provinces now provide purchasers of homes with some kind of assistance or subsidy; this provincial assistance, however, is not required as a prior condition for obtaining the

federal grant.

The Assisted Home Ownership Program, like other low-income housing programs created by this legislation, is intended to broaden the choices people have about the kind of housing they occupy and the way they hold it. Most low-income people are obliged to rent their accommodation; many of them, with some help, could manage to buy their homes.

2. Non-Profit Housing Corporation

Many non-profit organizations -- such as churches, service clubs and others -- are willing to act as entrepreneurs in acquiring or building housing for low-income people at controlled rentals. The intention of this program is to encourage and assist these organizations in this useful work which helps to extend the choices available. Much of this housing is built for elderly people but it can be applied to the needs of other special groups and of low-income people in general.

The legislation makes loans available to private non-profit organizations to cover 100 per cent of the cost of building or acquiring the housing. The loans can be for

up to 50 years and are at a reduced interest rate. In addition, the Federal Government may make an outright 10 per cent grant for this purpose. Some provinces and municipalities also give financial assistance for these projects but they are not required as a condition of the federal grant. For public non-profit organizations -- for example, those established by a provincial or municipal government -- the loan may cover 95 per cent of the cost and the federal grant of up to 10 per cent of the cost is available in the same way.

Grants of up to \$10,000 will also be available to organizations which require "start-up" funds to help them to plan and develop project proposals to the stage where they can apply for a loan. Assistance will also be available to non-profit organizations under the rehabilitation provisions of the Act for repairing and improving their housing.

3. Co-operatives

The Act is being amended to clarify the position of co-operatives, which help provide an important alternative means of access to housing, and to give them funds suitable to their needs. For the first time, a special section of the Act will be introduced dealing with co-operatives.

The legislation responds to the needs of two kinds of co-operative: (1) the "building co-operative," in which all units are individually owned after they are completed, and (2) the "continuing co-operative" in which the completed housing is owned jointly, not individually. In general, where the co-operative and its members meet the necessary qualifying conditions, the "building co-operative" can benefit from the provisions of the Assisted Home Ownership program and "continuing co-operatives" from the provisions applying to private non-profit organizations in the low-income field.

4. Residential Rehabilitation

This program arises out of the fact that the availability of housing can be affected in an important way -- especially for low-income people -- by repairing and improving existing housing, as well as building new housing. This program, therefore, is directed mainly at housing occupied by low-income people and, in its initial stages at least, is aimed at Neighborhood Improvement areas where there will be a comprehensive approach to the whole range of rehabilitation measures. The provisions of the program are also available, however, to projects under the non-profit housing program. In some circumstances, rehabilitation may be undertaken in other areas under special federal-provincial agreements.

The aim is to bring the housing up to minimum standards of health and safety. Assistance will be related to the scale of work to be done and the owner's income.

Loans may be made within limits to be established by regulation and part of the loan may be forgiven, providing the unit continues to be occupied and maintained. The Federal Government grant -- in the form of forgiving part of the loan -- is not dependent on any contribution by a provincial or municipal government. This assistance is available to landlords, too, providing that they are willing to enter into an agreement to control rents. A condition of the loans will be that appropriate municipal or provincial maintenance and occupancy standards must be in effect to ensure that repairs are made in accordance with proper standards and that the property is not likely to become run-down again.

5. Neighborhood Improvement

The Neighborhood Improvement program is addressed to residential areas in cities and towns across Canada which are generally occupied by low-income people, which are deteriorating and lacking in community services but which could, with some help, be preserved as vital and rewarding places to live.

It is not intended to enter into further urban renewal agreements under the old Part III of the NHA.

The new proposals would allow CMHC to enter agreements with the provinces to make grants and loans for improving the amenities, including housing and living conditions of residents, in selected areas. These agreements may cover a number of topics and will specify how the funds are to be made available, how the residents of the area will participate and will provide for relocation of any people who may be displaced by the program.

Within the terms of the agreement, CMHC may contribute up to 50 per cent of the cost of: area selection and formulation of plans; acquiring or clearing land for open space and community facilities and for moderate and low-income housing; building or acquiring and improving neighborhood recreation or social facilities; developing municipal codes on a municipality-wide basis; administering loans for commercial improvements in the area; relocating displaced families and individuals; employing persons in connection with the implementation of the neighborhood plan.

It may contribute up to 25 per cent of the cost of: improving municipal and public utility services consistent with the character of the area; clearing land being used for inconsistent purposes, including acquiring and clearing residential buildings, within NIP areas, where the dwellings are not up to standard, and doing the same thing, on a selective basis, outside NIP areas.

Provision is made for loans for commercial improvement, within NIP areas, of up to \$10,000 per enterprise.

In addition to making these contributions, CMHC will be allowed to make a loan to the municipality of up to 75 per cent of the net cost of improvements after deducting grants. Federal grants and loans made under the program will have a statutory limit of \$300 million.

6. New Communities Program

This program relates to the goal of creating better communities, first of all, by creating a rational alternative to the continuing sprawl of our great cities. It also encourages and assists the planning of new communities to meet the anticipated needs of their residents and provides the opportunity and the resources for innovative and experimental projects in community development. All of this activity is conceived within the framework of inter-governmental co-operation and co-ordination of urban programs.

A new section of the Act will empower CMHC, as part of the overall plan, to make loans to public agencies or corporations concerned with new communities of up to 90 per cent of the cost of acquiring land for such communities, including open spaces surrounding new communities, and land for necessary connecting corridors, as well as for the planning and servicing of such land. These loans would be for

terms of up to 25 years, or up to 50 years where the land is to be disposed of by leasehold. Fifty per cent of the loans may be forgiven where they are to be used for initial planning of the new community or for acquiring land for certain recreational and social facilities.

As an alternative to the loan arrangements, provinces may enter into a federal-provincial partnership arrangement under which the Federal Government would share up to 75 per cent of the capital costs, profits and losses.

Additional help would be provided for certain kinds of research and for experimental and developmental purposes.

7. Land Assembly

Amendments to the land assembly provisions of the Act are intended to support the development, through consultation, of a joint federal-provincial intervention to ensure an adequate supply of serviced urban land at reasonable cost to accommodate Canada's growing urban population. This is an essential step in realizing the goals of making housing available and accessible to Canadians.

A proposed amendment would restore that part of the land assembly section of the NHA, which expired on March 31, 1972, and would permit loans for the acquisition of land for any purpose related to housing. Loans for land assembly will be allowed to be secured by debentures, as well as mortgages.

The term is extended to 50 years, where the land is to be leased but title is to continue to be held in public ownership. Repayment may be made during the term of the loan or as the land is disposed of, on terms agreeable to CMHC.

The Federal Government is prepared to commit not less than \$100 million a year during the next five years for the public assembly of land, including the development of new communities.

8. Purchaser Protection

One of the proposed amendments to the Act would take an initial step towards the provision of protection to house-buyers similar to the kinds of protection now offered to consumers of many other goods and services. The proposal is that, where a builder fails to complete a dwelling which he has sold, CMHC may advance the purchaser money out of the Mortgage Insurance Fund to have the dwelling completed.

The whole area of purchaser protection and warranties, however, has been under study by CMHC and the industry. Preliminary plans have been developed for a comprehensive system of protection for new home-buyers which would not require further legislative changes. It would involve the creation of a national organization, representative of consumers,

builders and government. It would provide for standard minimum warranties, standard building specifications, registration of builders, organized inspections and conciliation and arbitration facilities.

9. Housing for Indians

The Act would be amended, under these proposals, to improve the availability of housing loans to status Indians on reserves. Until now, such loans have been available only for new housing. The proposed amendment would make these loans available for existing as well as for new housing. With the increase of house-building on reserves in recent years, there is a growing stock of existing housing. The amendment would help finance the purchase of this housing as it changes hands.

10. Developmental Projects

The proposals regarding developmental projects would encourage initiative in the development of new housing and community forms. They would include experimental, demonstration and pilot projects in collaboration with industry and other governments. CMHC would be empowered to finance high-risk experimental projects and to underwrite development costs.

11. Other Initiatives

In addition to these proposed legislative changes, the Government proposes to take other initiatives in support of its housing goals:

* Funding

In consultation with the provinces, the Federal Government will plan funding over a three-year period, with annual adjustments, rather than just one year at a time. This move should assist provincial governments with their forward planning.

* Sewage Treatment

The Federal Government is giving the assurance that the present sewage treatment program will be reviewed before the forgiveness feature is scheduled to expire by statute, and that it will be continued, or replaced by more effective measures.

* Research

The Federal Government will seek the co-operation of the provinces in launching a series of intensive studies of local housing needs, employing, among other resources, the 1971 census information. It will allocate \$1.5 million for these purposes, under the research provisions of the NHA.

OTHER AGENDA ITEMS

INTER GOVERNMENTAL OPERATING RELATIONSHIPS

BLOCK FUNDING

AND

FUTURE PROCESS OF JOINT POLICY AND PROGRAM DEVELOPMENTS

Intergovernmental Operating Relationships
and Block Funding

The main discussion on this topic centered on the present and future role of Central Mortgage & Housing Corporation. The position taken by the Provinces was that of seeing C.M.H.C. as the Federal Banking Agency for housing matters. The Provinces proposed "Block Funding" should be made available to each Province according to program needs. The Provinces would operate and administer their own budgets and would have the flexibility to transfer funds between programs. For example, if the total N.H.A. Program Budget for Nova Scotia was \$5,000,000 of which \$1,000,000 was earmarked for the Assisted Home-Ownership Program, but the Province of Nova Scotia had already funded a similar program, the \$1,000,000 could be allocated to the Non-Profit Home-Ownership Program. The proposal was turned down; however, the Federal Minister stated that there would be Province-by-Province consultation on the matter. Forward or forecasted budgeting on a three-year period was the stated position as an alternative. This procedure would guarantee continuation of programs and projects for a three-year period.

Future Process of Joint Policy
and Program Developments

To ensure continued Federal/Provincial co-ordination of Housing Programs, Bi-Level and Tri-Level (Federal/Provincial/Municipal) Conferences will be held annually. A special Tri-Level Conference will not take place but housing will be placed on the Agenda of the Annual Tri-Level Federal/Provincial/Municipal Conference. This is intended to allow greater flexibility to municipalities regarding national housing policies and needs. Referring to Program Development, the main concern was thrust on Homeownership. Programs must be geared to subsidy requirements. While there will always be a requirement for rental public housing, alternatives must be achieved to transfer from a rental situation to an ownership situation.

Of major importance to the Northwest Territories was the statement of philosophy change on "RENT-TO-INCOME-SCALES". Up to this point, rent to income has been based on a gross debt service ratio of from 16% of income to 25% of income which should be paid as the housing component on rental public housing with the identical scale applicable nationwide and regardless of living costs. The new philosophy, as stated by the Minister, will be to provide regional assistance on a needs basis taking into consideration cost of living indexes and making adjustments to the scale accordingly. Consultation on this subject will be carried out separately in each jurisdiction.

The proposed Amendments were agreed upon by the delegates and are presently before Parliament.