

1,188 hostel beds in 1977. Commitments were also made to rent 2,776 dwellings from private landlords, for occupancy on the same rent-to-income basis.

By year end 172,220 occupied units were subsidized under federal-provincial agreements, with rents on a scale graduated according to the tenant's income. The federal government's share was \$141 million, up from \$117 million in 1976.

Rural and Native Housing Program. The objectives of this program are to provide adequate housing in rural communities with populations of 2,500 or less, to give those eligible the opportunity to become involved in the entire housing process and create job opportunities, and to encourage the development and use of house designs that meet rural needs. Since the program was initiated in 1975 with a five-year target of 50,000 completions, over 15,000 units have been started or rehabilitated. In 1977 the total was 7,563 units, 70% of them rehabilitated dwellings. Under the NHA, \$3 million was made available in sustaining grants for associations formed to organize or assist community and native groups, and in provision of training programs and secondment of technical experts.

Market housing. Three principal forms of NHA assistance are available for housing to be sold or rented on the private market. These are the provision of insurance on mortgage loans made by approved lenders; of direct CMHC mortgage loans on terms similar to those from approved lenders; and of CMHC incentives through the assisted home-ownership and assisted rental programs. These incentives are available whether a project is financed by an approved lender or by CMHC.

During 1977 direct lending for market housing by CMHC declined even further from the low level of 1976 and at \$40 million for 1,127 units was below the amount allocated in the corporation's capital budget. This reduction was due to the availability of private mortgage lending with NHA mortgage insurance.

NHA-insured mortgage loans made by private lenders were worth \$6 billion in 1977, an increase of 38% from the previous year. With these loans, 114,414 new dwelling units and 62,014 existing units were financed, nearly double the total for 1976. A large part of the NHA-insured mortgage lending on new housing, financed by private lenders, was accompanied by aid from the assisted home-ownership and assisted rental housing programs.

Assisted Home-Ownership Program (AHOP). The program encourages approved lenders and the building industry to make moderately-priced housing available for sale. To promote home-ownership, CMHC provides loans and grants to qualified purchasers of designated units.

To be designated for AHOP assistance, housing must be built within maximum sale price limits imposed by CMHC. These limits vary from market to market as a reflection of different production costs, and were increased in a number of areas in 1977, partly because of higher insulation requirements. In 1977, some 32,090 dwellings were designated for AHOP assistance, a decrease of 20% from the previous year, while actual commitments for such assistance amounted to 31,743 units, well below the budgeted provision of 43,390 units.

Assisted Rental Program (ARP). The program stimulates the production of moderately-priced housing for rent. Projects are mostly privately financed through approved lenders and have to be built within size and price levels determined by CMHC.

Assistance is available to builders when the cost of constructing and operating a project exceeds the rents that can be charged. This was a strong incentive to production in 1977, as were substantial tax advantages provided by the federal government through capital cost allowances. Help is provided through a second mortgage loan. Its approval is conditional upon the builder entering into an operating agreement with CMHC on rent levels.

Commitments for ARP assistance were made for 60,125 dwelling units, substantially higher than the total of 23,102 units in 1976. An extra budgetary allocation was made available in 1977 due to the large number of applications for assistance and the need for new rental construction.