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Federal government offers loans for municipal developments

Municipalities with "shovel-ready" projects related to housing now have access to low-cost loans directly from the federal government. The loans are to be administered through CMHC as the Municipal Infrastructure Lending Program, announced April 19. The program is intended to help cities and rural municipalities meet their obligations to provide one-third of the funding for infrastructure projects.

Any project that relates directly to new or existing residential areas may be eligible for the program. According to the CMHC statement, they could include "infrastructure related to the provision of housing services such as water, wastewater and solid waste services, power generation; local transportation infrastructure within or into residential areas such as roads bridges and tunnels; residential sidewalks, lighting, pathways, landscaping and green space."

However, other types of infrastructure project such as community centres, libraries and playground equipment are not eligible under the program."

The interest rates will be the same as those given to the federal government. Also, according to a statement from the Federation of Canadian Municipalities' president Jean Perrault, the lending program comes with "a streamlined application process and quick reviews and approvals."

Perrault noted, "The program helps to address an urgent issue facing many municipal governments: the challenge of meeting requirements to share one-third of the cost of stimulus projects at a point in the fiscal year when municipal budgets have already been approved." He said, that while municipalities generally don't have a problem accessing credit, it is difficult for them to find additional funds after budgets have been set. This program will help them overcome this short-term obstacle and thus get projects under way.

The government says that the loans will be handed out on a first-come-first-served basis largely, with an emphasis on shovel-ready projects since "this is a targeted, short term temporary measure intended to create jobs."


The total amount of funds available for the Municipal Infrastructure Lending Program will be \$2 billion over two years.

The Canada Home Builders Association and Federation of Canadian Municipalities has praised the program.

Applications can be made by municipalities to [www.cmhc.ca/housingactionplan](http://www.cmhc.ca/housingactionplan)

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