

# CMHC Housing Solutions

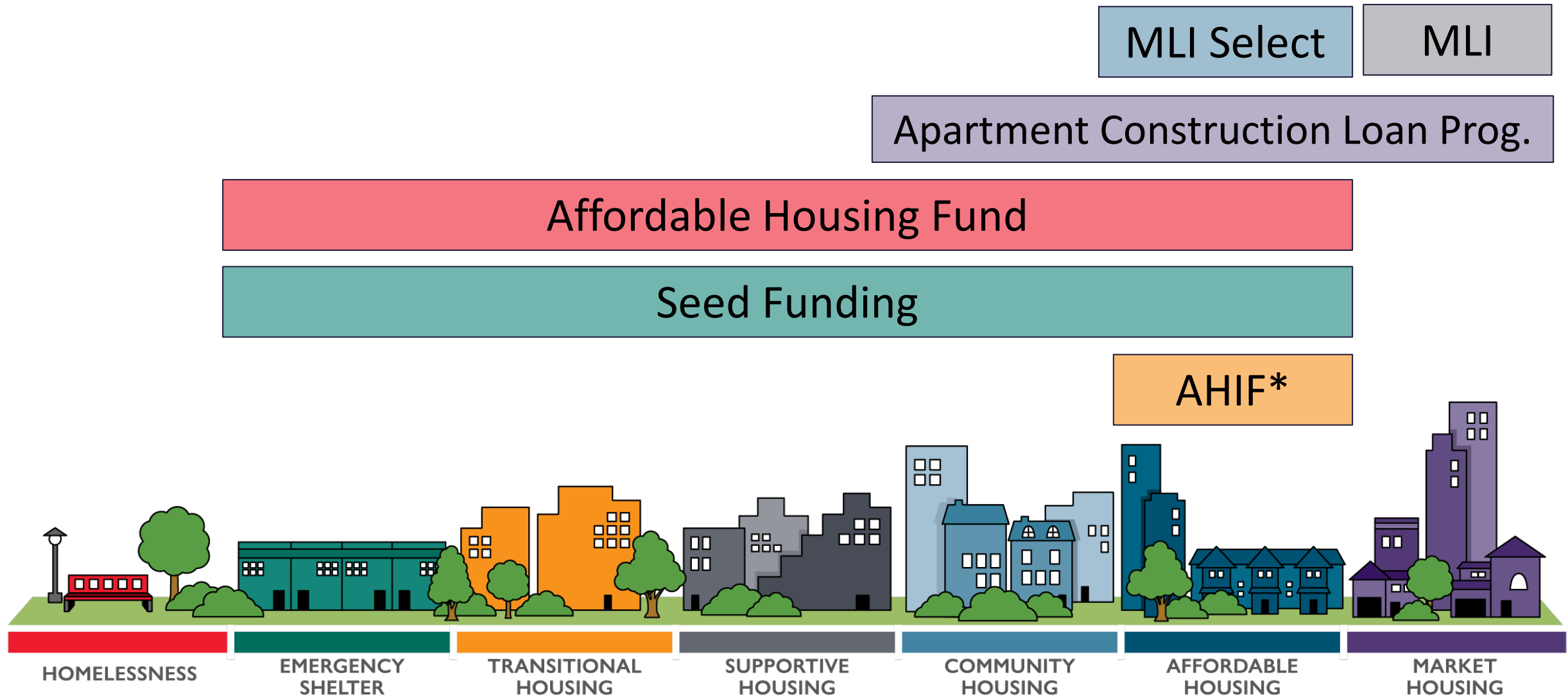


# Agenda

1. National Housing Strategy
2. Seed Funding
3. Affordable Housing Fund
4. Apartment Construction Loan Program
5. Mortgage Loan Insurance
6. Affordable Housing Innovation Fund
7. Q & A Period



# CMHC Solutions along the Housing Continuum



\*Affordable Housing Innovation Fund

# Seed Funding

Assistance for financing preliminary activities of a housing project





# Overview

**Non-repayable  
contributions**

\_\_\_\_\_ and/or \_\_\_\_\_

**Interest-free loans**



**New construction/repair  
stream**

a contribution of up to \$150K and/or  
an interest-free loan of up to \$350K

# Eligibility

Community  
housing  
providers

Municipalities,  
provinces &  
territories

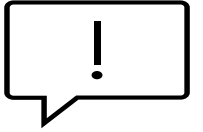
Indigenous  
governing  
bodies and  
organizations

Private sector  
groups



# Eligible Activities

Please note: Not all listed activities are required for submission. Needs will vary by project/program.



- Needs & Demand Analysis
- Business Plan
- Incorporation
- Preliminary Financial Feasibility Analysis
- Option to Purchase
- Special Purpose Surveys
- Environmental Site Assessments
- Geotechnical Reports
- Accessibility Modeling Analysis
- Energy Efficiency Modeling Analysis
- Development Fees
- Preliminary Design
- Professional Assessment
- Viability study of the project
- Security Registration
- Site Assessments
- Evaluation of the completion of the work
- Estimating construction costs
- Contract documents
- Development Permit
- Engineering Studies
- Final Report on Financial Sustainability
- Plans and specifications of the whole
- Quantity Surveyor

# Affordable Housing Fund

\*Formerly the National Housing  
Co-Investment Fund

**Low-cost repayable loans  
and/or forgivable loans or  
contributions** to build new  
affordable housing and  
repair/renew existing affordable  
and community housing.

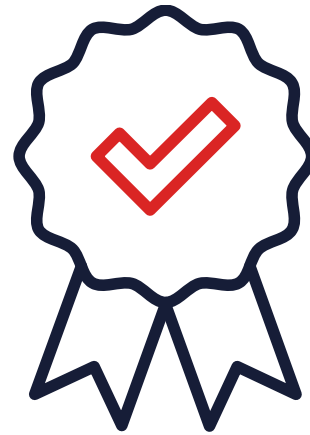




## Overview

# New Construction

- Develop new, high-performing affordable housing, near necessary supports and amenities, public transit, jobs, daycares, schools, healthcare
- Minimum investment of \$1,000,000 (repayable loan and forgivable loan)
- **+50 am**



# Revitalization

- Preservation and revitalization of the existing community and affordable housing
- Minimum investment of \$250,000 (repayable loan and forgivable loan)

# Minimum eligibility requirements

## Social Outcomes



**Financial  
Viability**



**Affordability**  
30% of units  
@ 80% MMR



**Energy  
Efficiency**  
25% above  
NECB/NBC



**Accessibility**  
20% of units

Borrowers must demonstrate an **affordability commitment for a minimum of 20 years** from first occupancy under the CMHC Loan

# Minimum eligibility requirements

## Financial Viability



Proponents must demonstrate their **financial** and **operational ability** to carry the project



Must provide evidence of the **financial viability** of the proposed project itself, including capacity to deal with development risks such as cost over-runs and delays in construction or repairs/renovations



**Minimum DCR of 1.00** for residential loan component & **1.40** for non-residential loan component

# Minimum eligibility requirements

## Partnerships



To make federal investments go further, applicants to the Affordable Housing Fund must have **additional sources of funding**



Projects **must have support from another level of government** and can be in the form of investment of resources and/or the form of a letter of endorsement



Contributions from collaborators can be **monetary or in-kind**

# Affordable Housing Program

## Financial Incentives



**Low Interest Loan\***



**LTC up to 95%  
(75% non-residential) †**



**Amortization  
up to 50 years**



**Debt coverage  
ratio 1.0 (1.4  
non-residential)**

\*10-year term and fixed interest rate, renewable another 10 years

† Non-residential aspect up to 30% of project costs and area

Forgivable Loan : \$25k per unit more may be considered if projects exceed targeted criteria

# Apartment Construction Loan Program

\*Formerly known as Rental  
Construction Financing  
Initiative

**Low-cost loans** encouraging  
the construction of **sustainable  
rental apartment** projects  
across Canada.



# Eligibility

## Groups

- Community housing providers (public, private, non-profit, rental, co-op)
- Municipalities, provinces & territories
- Indigenous governing bodies and organizations
- Private sector



## Projects

- Standard rentals
- Excludes retirement homes, single room occupancy, student housing, hotels and supportive housing
- Minimum loan size is \$1M
- Minimum project size is 5 units.

# Apartment Construction Loan Program

## Requirements

- Markets with rental vacancy rate below 3%
- Property must have zoning in place, municipal approval in progress (site plan approval), building permit available
- Borrower net worth must exceed 25% of loan amount
- Prepared to receive first draw within 6-12 months





# Minimum eligibility requirements

## Social Outcomes



**Affordability\***  
10% below gross  
achievable  
residential income



**Affordability\***  
20% of units at  
30% median  
household income



**Energy Efficiency**  
15% above  
NECB/NBC



**Accessibility**  
10% of units &  
common areas  
barrier-free

Borrowers must demonstrate an **affordability commitment for a minimum of 10 years**

\* Or project approved under other housing programs/initiatives (municipal, provincial or federal)

# Apartment Construction Loan Program

## Financial Incentives



**Low Interest  
Loan\* including  
MLI**



**LTC 90% - 100%  
(75% non-  
residential) †**



**Amortization  
up to 50 years**



**Debt  
coverage ratio  
1.1 (1.4 non-  
residential)**

\*10-year term and fixed interest rate, with access to Mortgage Loan Insurance

† Non-residential aspect up to 30% of project costs and area

# MLI Select

An innovative new multi-unit mortgage loan insurance product focused on affordability, accessibility, and climate compatibility.



# Advantages for borrowers



## Flexibility in Financing

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Borrowers can obtain mortgage financing with a higher loan-to-value (LTV)



## Lower Interest Rates

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CMHC insured financing provides buyers access to competitive interest rates



## Reduced Renewal Risk

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Facilitates reduced renewal risk for the entire amortization period of the loan

# Eligible projects

## ✓ Project size

Minimum property size is 5 units, except for retirement homes where a minimum of 50 units or beds is required

## ✓ Applicable projects

- Standard apartments
- Retirement homes
- Single room occupancy projects (SROs)
- Supportive housing projects





# Eligible Loan Purposes

- ✔ **Construction** of residential housing
- ✔ **Improvements** on existing residential housing
- ✔ **Purchase** of residential housing
- ✔ **Refinance loans** for residential housing
- ✔ Purchase and **conversion** of non-residential buildings to residential use

# Affordability Criteria

Level 1	Level 2	Level 3	Affordability Period
<b>New Construction</b>			<p>Min. 10 year affordability period. Affordability commitments of 20 or more years will be awarded an additional 30 points</p>
Min. 10% of units at max. 30% of median renter income	Min. 15% of units at max. 30% of median renter income	Min. 25% of units at max. 30% of median renter income	
<b>50 points</b>	<b>70 points</b>	<b>100 points</b>	
<b>Existing Properties</b>			
Min. 40% of units at max. 30% of median renter income	Min. 60% of units at max. 30% of median renter income	Min. 80% of units at max. 30% of median renter income	
<b>50 points</b>	<b>70 points</b>	<b>100 points</b>	

# Climate Criteria

Reduced energy consumption and greenhouse gas emissions.

Level 1	Level 2	Level 3
<b>New Construction</b>		
Min. 20% better than NECB/NBC	Min. 25% better than NECB/NBC	Min. 40% better than NECB/NBC
<b>20 points</b>	<b>30 points</b>	<b>50 points</b>
<b>Existing Properties</b>		
Min. 15% decrease over baseline levels	Min. 25% decrease over baseline levels	Min. 40% decrease over baseline levels
<b>20 points</b>	<b>35 points</b>	<b>50points</b>



# Accessibility Criteria

Level 1	Level 2
<p>Min. 15% of the units are considered accessible in accordance with the CSA standard B651-18</p> <p>OR</p> <p>Min. 15% of units are universal design.</p> <p>OR</p> <p>The building receives Rick Hansen Foundation Accessibility Certification (60%-79% score)</p>	<p>Min. 15% of units are considered accessible in accordance with the CSA standard B651-18 and Min. 85% of units are universal design.</p> <p>OR</p> <p>100% of units are universal design</p> <p>OR</p> <p>100% of units are accessible in accordance with the CSA standard B651-18</p> <p>OR</p> <p>The building receives Rick Hansen Foundation Accessibility Certification "Gold" (score of 80% or better)</p>
<p><b>20 points</b></p>	<p><b>30 points</b></p>

# Flexibilities - New Construction

## New Buildings

Affordability – Rent Levels (10 year affordability commitment*)			Energy Efficiency and GHGs Reductions over 2017 NECB / 2015 NBC			Accessibility**	
10% of units at 30% of median renter income	15% of units at 30% of median renter income	25% of units at 30% of median renter income	20% above code	25% above code	40% above code	15% accessible	15% accessible AND 85% adaptable/UD
50 Points	70 Points	100 Points	30 Points	50 Points	100 Points	20 Points	30 Points

\*For borrowers making an affordability commitment of 20 years, an additional 30 points are awarded

\*\*Buildings must be 100% Visitable (CSA B651-2018 Visitability)

## Flexibilities

Based on total points:

	LTC	DCR*	Amortization	Rental Achievement	Recourse	Replacement Reserve
<b>Min. 50 points</b>	Up to 95%	Min. 1.1	Up to 40 years	Waived	Recourse	Discretionary
<b>Min. 70 points</b>	Up to 95%	Min. 1.1	Up to 45 years	Waived	Recourse	Discretionary
<b>Min. 100 points</b>	Up to 95%	Min. 1.1	Up to 50 years	Waived	Limited-recourse	Discretionary

\*Min. DCR of 1.10 for standard rental housing, 1.20 for other shelter models, 1.4 for non-residential space

Affordability, climate and accessibility commitments are available for standard rental, SRO and retirement housing. Affordability commitments are not available for student housing, however climate and accessibility commitments remain available for these projects

# Flexibilities - Existing Properties

## Existing Properties

Affordability – Rent Levels (10 year affordability commitment*)			Energy Efficiency and GHGs Reductions over current performance			Accessibility**	
40% of units at 30% of median renter income	60% of units at 30% of median renter income	80% of units at 30% of median renter income	15% reduction	25% reduction	40% reduction	15% accessible	15% accessible AND 85% adaptable/UD
50 Points	70 Points	100 Points	30 Points	50 Points	100 Points	20 Points	30 Points

\*For borrowers making an affordability commitment of 20 years, an additional 30 points are awarded

\*\*Buildings must be 100% Visitable (CSA B651-2018 Visitability)

## Flexibilities

Based on total points:

	LTV	DCR*	Amortization	Rental Achievement	Recourse	Replacement Reserve
<b>Min. 50 points</b>	Up to 85%	Min. 1.10	Up to 40 years		Recourse	Discretionary
<b>Min. 70 points</b>	Up to 95%	Min. 1.10	Up to 45 years	May apply	Recourse	Discretionary
<b>Min. 100 points</b>	Up to 95%	Min. 1.10	Up to 50 years		Limited-recourse	Discretionary

\*Min. DCR of 1.10 for standard rental housing, 1.20 for other shelter models, 1.4 for non-residential space

Affordability, climate and accessibility commitments are available for standard rental, SRO and retirement housing. Affordability commitments are **not** available for student housing, however climate and accessibility commitments remain available for these projects

# Thank you!

For questions and more information

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