
SUBJECT

NATIONAL HOUSING CO-INVESTMENT FUND

ISSUE

What is the government doing to ensure housing is available for Canadians in need?

KEY FACTS

- **\$27.2B** for these three initiatives:
 - **\$13.2B** for new and improved supply under the federally-managed **National Housing Co-Investment Fund**. (**\$4.52 billion** in grants and **\$8.65 billion** in low-interest loans.)
 - As of September 30, 2019, there has been 95 approved applications issued for \$1,03 billion in requested loans and \$772.9 million in requested contributions for a total commitment of close to 64,700 new and repaired units.
 - **\$13.75B** for the **Rental Construction Financing initiative (RCFi)**
 - The initiative provides loans that will run from 2017 to 2027 for the construction of 42,500 rental units in communities across Canada.
 - Borrowers benefit from loans with terms of 10 years combined with up-front CMHC mortgage loan insurance.
 - As of September 30, 2019, CMHC committed \$4.3 billion under the RCFi to support the creation of 14,345 units, of which 9,608 will be affordable.
 - **\$200 million** over 5 years for the **Affordable Housing Innovation Fund**:
 - As of September 30, 2019, CMHC committed over \$95.3 million to support the creation of 8,032 units, of which 7,119 will be affordable.
 - Over 1,400 units currently under construction.

RESPONSE

- **The \$13.2 billion National Housing Co-Investment Fund is at the core of the strategy. From shelters to affordable homeownership, the Fund covers a broad range of housing needs.**
- **Through a combination of contributions and low-cost loans, this Fund will invest in the growth of livable communities and contribute to the resilience of the community housing sector.**
- **The National Housing Co-Investment Fund is expected to build up to 60,000 new homes and repair up to 240,000 units of existing affordable and community housing.**
- **The National Housing Co-Investment Fund will be delivered in tandem with \$13.75 billion Rental Construction Financing initiative and the \$200 million Affordable Housing Innovation Fund.**
- **Combined, these three initiatives represent an investment of over \$27.2 billion that will give more Canadians a place to call home.**

If pressed on the Rental Construction Financing initiative (RCFi):

- **Supply needs to follow demand. This is why the Rental Construction Financing initiative encourages the construction of rental housing where there is a need.**
- **The initiative provides loans that will run until 2027 for the construction of 42,500 rental units in communities across Canada.**

If pressed on the Affordable Housing Innovation Fund:

- **Affordable housing is at the center of the strategy and as we build, renew, and repair safe and affordable housing units for Canadians. We are also looking for unique ideas and approaches to support the evolution of the affordable housing sector.**
- **The Affordable Housing Innovation Fund will help create up to 4,000 new affordable units over five years while reducing reliance on long-term government subsidies.**

If pressed on the Federal/Provincial/Municipal Multilateral Partnership:

- **To date, we have signed agreements with twelve provinces and territories representing \$8.2 billion in housing investments.**
- **Federal, provincial and territorial governments are primary partners in housing and have a shared responsibility and complementary roles for housing.**
- **This is why we will work together under the Partnership to help make affordable housing more available, accessible and appropriate to help Canadians meet their needs.**

BACKGROUND

National Housing Co-Investment Fund

To ensure existing rental housing is not lost to disrepair and to develop new, high-performing affordable housing that is located close to necessary supports and amenities, from public transit and jobs to daycare, schools, and healthcare, the federal government is creating a \$13.2 billion federally-managed National Housing Co-Investment Fund. The National Housing Co-Investment Fund consists of \$4.52 billion in grants and \$8.65 billion in low-interest loans.

The National Housing Co-Investment Fund will attract partnerships with, and investments from the provinces and territories, municipalities, non-profits and co-operatives, and the private sector, to focus on new construction and the preservation and renewal of the existing affordable housing supply. The National Housing Co-Investment Fund will support more shelter spaces for survivors of family violence, transitional and supportive housing, new and renewed affordable and community housing, and ways of making homeownership more affordable. It will also support Canada's climate change goals, as well as improve accessibility of housing for people with disabilities, by promoting universal design and visitability. The National Housing Co-Investment Fund will also align with public investment in job creation, skills training, transit, early learning, health care, and cultural and recreational infrastructure. As the National Housing Co-Investment Fund is established the federal government will work closely with provinces and territories to ensure housing investments are well coordinated and aligned.

To maximize the impact of the Fund, the Government will also combine contributions and loans with the transfer of federal lands to affordable and community housing providers. Over the next 10 years, up to \$200 million in federal lands will be transferred to housing providers to encourage the development of sustainable, accessible, mixed-income, mixed-use developments and communities.

Rental Construction Financing Initiative

The Rental Construction Financing provides low-cost loans to encourage the construction of rental housing across Canada. It supports sustainable apartment projects in areas where there is a need for additional rental supply. The initiative has a total of \$13.75 billion in available loans for the construction of 42,500 units, and is open from 2017 to the end of 2027.

The initiative focuses on standard apartment projects in Canada with general occupants.

The loan offers:

- a 10-year term (closed to pre-payment) and a fixed interest rate locked in at first advance for certainty during the most risky periods of development
- up to a 50-year amortization period
- CMHC mortgage loan insurance that is effective from first draw and for the duration of the amortization period to simplify loan renewal. The borrower does not pay the premium, only the PST if applicable
- up to 100% loan to cost for residential space and up to 75% loan to cost for non-residential space (depending on the strength of the application)
- interest only payments financed by the loan during construction through to occupancy permit
- principal and interest payments are due after 12 months of stabilized effective gross income

Affordable Rental Housing Innovation Fund

The Affordable Housing Innovation Fund is a \$200 million fund that will be instrumental in creating the next generation of housing in Canada. The goal of the Innovation Fund is to encourage new funding models and innovative building techniques in the affordable housing sector. The Innovation Fund will:

- support the development of innovative approaches to affordable housing
- create inclusive and accessible communities
- contribute to the fight against homelessness

The Fund is looking for unique ideas and approaches that will support the evolution of the affordable housing sector. In the process, we anticipate that the Fund will help create up to 4,000 new affordable units over five years and reduce reliance on long-term government subsidies.

The Fund's scope of eligible projects includes affordable homeownership, retrofit models and affordable rental projects.

Prepared by Préparé par	Approved by Approuvé par	Lead Sector(s) Secteur responsable	Date/Docket Number Date/N° du fichier
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