
SUBJECT**COVID-19 - CMHC RESPONSE**

ISSUE

What is CMHC doing to help homeowners that have been impacted by the COVID19?

RESPONSE

- **I think I speak for all parliamentarians by saying that we share the distress of people affected by covid-19 and impress upon the importance of practicing physical distancing and rigorous hand washing.**
- **At the same time we are reminded, now more than ever, of the importance for everyone in Canada to have a safe and affordable place to call home.**
- **We know these are trying times and our government is taking action to support those in need and implementing measures to bolster the financial system and the Canadian economy.**
- **For Canadians worried about making their mortgage payments and paying their rent as a result of Covid-19, they should know that provisions are in place to support them if they need to defer payments.**
- **We encourage homeowners to contact their financial institution at the first sign of difficulty to discuss their situations and explore all options.**
- **Canada Mortgage and Housing Corporation, Canada Guaranty and Genworth Canada provide lenders with options for homeowners with insured mortgages that may be affected by these unfortunate events. These mortgages insurers are already permitting lenders to allow payment deferral of up to an additional six months.**
- **CMHC is also working with landlords and housing providers affected by Covid-19 to find appropriate solutions for them.**
- **For cooperatives and those receiving subsidy payments from CMHC, we will ensure that eligible housing providers who have opted into Phase 2 of the Federal Community Housing Initiative and who have federally administered operating agreements expiring in the coming months will continue to receive their current level of financial assistance.**
- **In addition, we are concluding agreements for the Canada Housing Benefit (CHB), which took effect on April 1st, 2020, with**

a number of provinces and territories, and our government is continuing discussions with the other provinces and territories on the CHB and looking at ways to accelerate the flow of funding into the hands of Canadians in need of assistance.

- We also introduced the Canada Emergency Commercial Rent Assistance (CECRA) for small businesses which will lower rent by 75 per cent for small businesses that have been affected by COVID-19.
- CMHC will administer and deliver the CECRA and it is expected that it will be operational by mid-May.
- Granville Island is home to many cultural venues and hosts numerous performing arts and cultural festivals year round. We recognize the difficult and unique situation facing Granville Island tenants. Tenants are severely impacted by the COVID pandemic. We continue to explore potential solutions.
- The Government of Canada has also implemented measures to bolster the financial system and the Canadian economy through the launch of a revised Insured Mortgage Purchase Program (IMPP).
- Like many other government organizations, CMHC is monitoring developments around COVID-19.
- CMHC stands ready to further support liquidity and the stability of the financial markets through its mortgage funding programs as necessary.

If pressed on evictions:

- During this difficult time, we are imploring on landlords to exercise compassion and refrain from evictions.
- We expect any housing provider who has received financing or support from CMHC, directly or via provinces and territories, to act compassionately and refrain from eviction.
- Our government is providing support for non-profit and co-operative housing providers.
- We are also supporting banks to ensure they can continue lending and to ensure that no one loses the safety of a home.
- For those who are able, continue paying your rent or mortgage and ensure that assistance is available for those who need it.

If pressed on deferred mortgages program

- **CMHC and the two private mortgage insurers, Genworth Canada and Canada Guaranty, are united in these difficult times. We offer tools to lenders that can assist homeowners who may be experiencing financial difficulty.**
- **Default management tools include: payment deferral, loan re-amortization, capitalization of outstanding interest arrears and other eligible expenses and special payment arrangements.**
- **To further assist lenders, we are providing increased flexibility to defer mortgage payments on homeowner insured mortgage loans to borrowers who may be experiencing financial difficulties related to the outbreak.**
- **Banks were generally offered similar support for people with uninsured mortgages.**
- **Homeowners in financial difficulty due to Covid-19 with an insured mortgage with CMHC, Genworth Canada, and Canada Guaranty can defer (postpone) their mortgage payments for up to six months.**
- **Canadian banks will work with their retail customers to find solutions to help them manage hardships caused by COVID-19.**
- **Only those Canadians who are impacted by COVID-19 and experiencing financial hardship as a result should contact their financial institution regarding flexibility for a mortgage deferral. This allows flexibility to be available - when needed - to those who need it the most.**
- **For landlords and housing providers of affordable housing affected by Covid-19, CMHC will work with you to find the best solution. They have a series of tools available including deferral of loan payment, capitalization, special payment arrangements, advancing flexibilities, and any combination of tools.**

If pressed on Federal Community Housing Initiative agreements

- **Our government is making adjustments to the rollout of Phase 2 of the Federal Community Housing Initiative to support co-operatives during this difficult time. Finalizing these terms will take a few more weeks.**

- For co-operatives and those receiving subsidy payments from CMHC, we will ensure that those who have opted into Phase 2 of FCHI, and who have federally administered operating agreements expiring in the coming months, continue to receive their current level of financial assistance so that there is no disruption in assistance to households
- We expect to provide FCHI-2 agreements in the coming two to three weeks to community housing providers whose existing federally administered agreement is expiring on or before May 31, 2020.
- FCHI-2 agreements for housing providers whose existing agreement are expiring between June 30, 2020 and August 31, 2020 will have at least two months to return their signed FCHI-2 agreement to CMHC before the September 1, 2020 program launch.
- We will ensure these providers continue to receive their current level of assistance until August 31, 2020, or until their first rental assistance payment under Phase 2, so there is no disruption in assistance to households.

If pressed on financial stability and IMPP

- CMHC is working to extend deadlines, ease requirements, and mobilize its resources to ensure expedited approvals. Our goal is to get money out the door and into the housing sector.
- On March 26, 2020, we expanded the revised Insured Mortgage Purchase Program (IMPP).
- Under this program, the government expanded the purchase up to \$150 billion from the initial \$50 billion announced of March 16 of insured mortgage pools through CMHC. This action will provide stable funding to banks and mortgage lenders in order to ensure continued lending to Canadian consumers and businesses.
- CMHC stands ready to further support liquidity and the stability of the financial markets through its mortgage funding programs as necessary.
- The Minister of Finance also announced that the eligibility rules for portfolio insurance are being temporarily relaxed to assist mortgage lenders access to the IMPP. Effective March 24th, low loan-to-value loans with amortization up to 30 years, as well as

refinance loans funded prior to today, will be eligible for portfolio insurance.

If pressed on Canada Emergency Commercial Rent Assistance (CECRA):

- **Small businesses across the country are the backbone of our communities, and they are now facing significant challenges. That is why the Government of Canada and provincial and territorial partners are taking strong, immediate, and effective action to protect Canadians and businesses from the impacts of the COVID-19 pandemic.**
- **The program will provide forgivable loans to qualifying commercial property owners to cover 50 per cent of three monthly rent payments that are payable by eligible small business tenants who are experiencing financial hardship during April, May, and June.**
- **The loans will be forgiven if the mortgaged property owner agrees to reduce the eligible small business tenants' rent by at least 75 per cent for the three corresponding months under a rent forgiveness agreement, which will include a term not to evict the tenant while the agreement is in place. The small business tenant would cover the remainder, up to 25 per cent of the rent.**
- **Impacted small business tenants are businesses paying less than \$50,000 per month in rent and who have temporarily ceased operations or have experienced at least a 70 per cent drop in pre-COVID-19 revenues. This support will also be available to non-profit and charitable organizations.**

If pressed on Indigenous Housing:

- **We recognize that many First Nations are facing unique and unprecedented challenges as a result of the COVID-19 outbreak.**
- **We are closely monitoring the situation and our priority is to protect the health, safety and wellbeing of First Nations peoples during this period of uncertainty.**
- **We are committed to finding solutions and flexibilities that will alleviate some of the financial impacts of the COVID-19 outbreak.**

- **Our officials are working individually with First Nations to help find the best solution for each situation.**

If pressed on potential impact on housing market and mortgages:

- **It's too soon to determine how much of an impact covid-19 will have on the housing market. Cmhc will continue to monitor this issue and report any impact it may have on the market in future reports as appropriate.**
- **CMHC has taken action to make sure it has access to sufficient liquidity to support housing activity and financial markets, as required.**
- **CMHC has also started stress-testing a pandemic scenario to better assess impacts as events unfold.**

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