



National Housing Co-Investment Fund

The National Housing Co-Investment Fund can provide low-cost repayable loans and/or forgivable loans to build new affordable housing and repair/renew existing affordable and community housing. The Fund is designed to attract partnerships and investments, and to incentivize new construction, repair and renewal that meets or exceeds ambitious mandatory minimum standards for energy efficiency, accessibility and universal design, proximity to transit, and achieves multiple federal priorities.

Is your project eligible?

Check out the National Housing Co-Investment Fund website at cmhc-nhs.ca for more information on this initiative.

PURPOSE OF FUNDING

New Construction – Support construction of new affordable housing supply, focusing on developing mixed-income, mixed-tenure, and mixed-use housing near transit and other amenities, integrated with supports and services, with additional focus on environmental efficiency, accessibility, social inclusion and partnerships.

Repairs (Renewal) – Support the repair and renewal of existing community and affordable housing that make them more sustainable from a community (mixed-use, mixed-income, accessible, near amenities, services and supports), environmental and financial perspective.

Definitions:

- **Repayable loan:** A form of loan that is to be repaid on a monthly basis within a specific time frame.
- **Forgivable loan:** A form of loan that could be forgiven, if you meet program criteria and targets.

OTHER FUNDING/COLLABORATORS

- To make federal investments go further, applicants to the National Housing Co-Investment Fund must have additional sources of funding: collaborators are required to contribute to the project. Note: projects must have support from another level of government (such as Municipalities, Provinces, Territories, Indigenous Government). Support can be in the form of investment of resources, but could also be in the form of a letter stating endorsement for the project.

- Contributions from other investors may be monetary or in-kind including, but not limited to: the provision of land; inclusionary zoning provisions; accelerated municipal approvals processes; waiving development charges and fees; tax rebates; other loans and grants.

PROPERTY TYPE AND SIZE

- Standard rental, shelters, transitional & supportive housing, seniors housing
- Must have a minimum of five units (or beds).
 - For financial viability, a greater number of units/beds may be necessary for certain projects.
- Primary use is residential.
- Non-residential component not to exceed 30% of total gross floor space nor 30% of total value/cost.

ELIGIBILITY

Eligible applicants include but are not limited to:

- Community housing sector (e.g. non-profit housing organizations and rental co-operatives)
- Municipal, Provincial, and Territorial Governments including their agencies
- Indigenous Governments and Organizations (including First Nation Bands and Tribal Councils)
- Private entrepreneur/builder/developer

Property Management Experience: at least five years experience operating a housing property of similar type and size (in lieu, a formal property management contract with a professional third party firm).

Credit and Repayment History: at least break even cash flow over past five years with excellent credit and repayment history.

Construction Management Experience: must have successfully completed a similar project on time and within budget. Alternatively, proponents must enter into a fixed price contract with a general contractor who has experience building projects of similar size, cost, building form and construction type in the same market area. Proponents must have a demonstrated ability to withstand unexpected increases in construction cost.

For newly formed groups, alternate covenants, collateral and mitigation may be considered.

MANDATORY MINIMUM REQUIREMENTS

Financial Viability

- Proponents must demonstrate their financial and operational ability to carry the project and to provide evidence of the financial viability of the proposed project itself, as well as capacity to deal with development risks such as cost over-runs and delays in construction or repairs/renovations.

Please see [Minimum Debt Coverage Ratio Requirements](#), page 5.

Affordability

Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years.

Energy Efficiency

New Construction – Projects must demonstrate that they will either achieve a 25% decrease in energy consumption and Greenhouse Gas (GHG) emissions relative to the 2015 National Energy Code for Buildings or the 2015 National Building Code; OR a 15% decrease relative to the 2017 National Energy Code for Buildings.

Repair (Renewal) – Projects must demonstrate that they will achieve a 25% reduction in energy use and Greenhouse Gas (GHG) emissions relative to past performance.

Accessibility

New Construction – 20% of units within the project must meet or exceed accessibility standards and its common areas must be barrier-free OR have full universal design applied.

Repair (Renewal) – 20% of units within the project must meet or exceed the accessibility standards and its common areas must be barrier-free.

PRIORITIZATION OF SOCIAL OUTCOMES

In addition to meeting mandatory minimum requirements, the Fund will prioritize projects with higher scores based on the achievement of outcomes within the following priority areas:

Affordability

- Greater number of units, and depth of affordability.

Energy Efficiency

- Greater than 25% energy efficiency improvement and GHG emission reduction.

Accessibility

- Greater number of accessible units and level of accessibility provided.

Proximity to Amenities and Community Supports

- Proximity to public transit, a grocery store, park, pharmacy, community center, public library, child care, healthcare and business district.

Fostered Collaboration: Partnerships/ Other Government Supports

- Partnerships with others such as non-profit or for-profit developers, Indigenous groups, First Nation Government, Provinces/Territories or Municipalities. Support from partners can be provided in a form such as, but not limited to, grants, concessions on property taxes and/or concessions on levies, waiver of development cost charges or other provincial/municipal fees, expedited approvals, waiver of community amenity contributions, land donation, etc.

Social Inclusion

- Integrated supports and services for tenants on site.

Supporting Priority Groups

- Projects that target the priority populations and meet mandatory requirements will be given first consideration. Priority populations include: women and children fleeing family violence, seniors, Indigenous peoples, people with physical or developmental disabilities, those dealing with mental health and addiction issues, veterans, newcomers and the chronically homeless, etc.

MINIMUM FEDERAL INVESTMENT

- **New Construction** – \$1,000,000 (repayable loan and forgivable loan)
- **Repair (Renewal)** – \$250,000 (repayable loan and forgivable loan)

For contributions only, smaller investments will be considered.

MAXIMUM FEDERAL INVESTMENT*

Maximum Repayable Loans

- Co-operatives, non-profits, Indigenous groups – up to 95%** of eligible costs (residential component);
- Provincial, territorial, and municipal government, and private sector – up to 75%** of eligible costs (residential component).
- For all projects containing non-residential space and any borrower type – up to 75%** of eligible costs related to the non-residential component.

Maximum Forgivable Loans

- Co-operatives, non-profits, Indigenous groups – up to 40% of eligible costs.
- Provincial, territorial, and municipal government - up to 30% of eligible costs.
- Private sector – up to 15% of eligible costs.

* Repayable loan and/or forgivable loan amount will be determined through a scoring grid. Maximum federal investments can only be reached by achieving higher outcomes and exceeding minimum requirements

**For Repairs (Renewal) – up to maximum 85% LTV (improved value) on residential component and up to 75% LTV (improved value) on non-residential component.

MINIMUM DEBT COVERAGE RATIO REQUIREMENTS

- 1.00 for residential loan component
- 1.40 for non-residential loan component

Loan applications will be qualified using the higher of 2% or a 150 - 170bps (1.50%-1.70%) spread over the CMHC indicative 10-year fixed rate. Note that the spread is determined by CMHC and is subject to change from time to time.

INTEREST RATE ON REPAYABLE LOANS

Fixed Rate

- Up to 20-year repayable loan with CMHC.
- 10-year initial term, with interest rate reset at end of initial term and fixed for another 10-year term.
- Below market rates.
- Fixed rate locked in at beginning of term (i.e at initial repayable loan advance).
- **New Construction** – Interest-only payments financed by the repayable loan during construction through to occupancy permit and interest-only payments paid by the borrower from occupancy permit to 12 months of stabilization; and principal and interest payment from 12-month stabilization for the remainder of terms.
- **Repair (Renewal)** – Interest-only payments until completion of repairs; and then principal and interest payment for the remainder of terms.
- Closed to prepayment during the 10-year term

REPAYABLE LOAN AMORTIZATION

- **New Construction** – Up to 50 years
- **Repair (Renewal)** – Up to 40 years

ADVANCING

Advancing is not subject to rental achievement. The forgivable loan may be fully advanced during construction and/or repair (renewal) period.

SECURITY TYPE

First, second, and *pari passu* mortgages are permitted.

RESERVE REQUIREMENTS

Borrowers will be required to establish a separate bank account for replacement reserve, funded annually as follows:

1. **New Construction** – minimum of 4% of Effective Gross Income for long-term financial viability and maintenance of the property.
2. **Repairs (Renewal)** – Amount to be determined on a case-by-case basis to be reflective of specific project's future capital repair requirements.

Note: The required reserve fund allocation will be used in the Debt Coverage Ratio calculation when determining maximum repayable loan amount.

COVENANT/GUARANTEE REQUIREMENTS ON REPAYABLE LOANS

1. **New Construction** – The borrower and guarantor (if applicable) must provide their covenant/guarantee for 100% of the repayable loan during construction, rent-up, and stabilization. After rent-up, when the project has achieved the projected rent levels (effective gross income) used in the approval of the repayable loan have been achieved and have been maintained for 12 consecutive months, the repayable loan may become non-recourse to the borrowers and guarantors for deficiency after enforcing the security on default.
2. **Repairs (Renewal)** – No covenants/guarantees are required for existing buildings and the repayable loan may be non-recourse to the borrowers and guarantors for deficiency after enforcing the security on default.

In all cases, CMHC may require additional risk mitigation measures as it deems appropriate (e.g. equity retention, replacement reserves, collateral security, personal guarantees).

DOCUMENTATION REQUIREMENTS

Refer to the required documentation checklist.

Funding is also available to support organizations that develop and repair affordable rental or affordable homeownership. Housing units constructed or repaired from these arrangements must meet all mandatory minimum requirements and demonstrate partnerships that bring additional funding. Talk to your local affordable housing specialist for more information.

