

Highlight Sheet

Repair and Renewal Stream

The National Housing Co-Investment Fund (NHCF) can provide low-cost repayable loans paired with forgivable loans to repair/renew existing affordable and community housing. The Fund is designed to attract partnerships and investment to repair and renew properties that meet or exceed mandatory minimum standards such as affordability, energy efficiency and accessibility.

PURPOSE OF FUNDING

Support the repair and renewal of existing affordable and community 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 monthly within a specific time frame.
- **Forgivable loan:** A form of loan that could be forgiven if program criteria and targets are maintained for a minimum of 20 years.

Is your project eligible?

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

OTHER FUNDING/PARTNERS

- To make federal investments go further, applicants to NHCF must have additional sources of funding: partners are required to financially 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.

- Funding from other partners may be monetary or in-kind including, but not limited to: accelerated municipal approvals processes; waiver of development cost charges and fees; concessions on property taxes and/or concessions on levies and/or other provincial/municipal fees; operational subsidies; land donation; loans and grants.

PROPERTY TYPE AND SIZE

- Standard rental, shelters, seniors housing, transitional and supportive housing.
- Must have a minimum of five units (or beds).
- Primary use is residential.
- Non-residential component must not exceed 30% of total gross floor area nor 30% of total lending value.

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 sector

MANDATORY MINIMUM REQUIREMENTS

Property Management Experience

Proponents must demonstrate at least five years' experience operating a property of similar size and type of housing as the subject property.

Financial Viability

Proponents must demonstrate their financial and operational ability to complete the repairs/renewal as well as capacity to deal with development risks such as cost overruns and delays.

Proponents must also provide evidence of the financial viability of the subject property itself post-repair/post-renewal.

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

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

Repair (Renewal) – 20% of units within the subject property 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, NHCf funding will prioritize projects with higher scores based on the achievement of outcomes within the following priority areas:

Affordability

Greater number of units and/or depth of affordability.

Energy Efficiency

Greater than 25% reduction in energy use and GHG emissions relative to past performance.

Accessibility

Greater number of accessible units and level of accessibility provided.

Proximity to Amenities and Community Supports

Proximity to public transit, grocery store, park, pharmacy, community center, public library, childcare, healthcare and business district.

Financial Partnerships

Stronger financial partnerships with other funders.

Social Inclusion

Integrated support and services for tenants on site.

Supporting Priority Groups

Properties that target the priority group populations will be given first consideration. Priority populations include women and children fleeing domestic violence, women and their children, seniors, young adults, Indigenous peoples, people with physical and/or developmental disabilities, those dealing with mental health and addiction issues, veterans, newcomers (including refugees) and homeless people or those at risk of homelessness, Black Canadians, racialized groups, 2SLGBTQIA+, etc.

MINIMUM & MAXIMUM FEDERAL INVESTMENT

Minimum Funding Requirements

\$250,000 (combination of repayable loan and forgivable loan).

Note: Smaller loan amounts may be considered.

Maximum Repayable Loans

Low interest repayable loans are available to fund projects demonstrating financial viability. Eligible repayable loan amounts, as a **percentage of total project costs**, are determined by the applicant type:

- Co-operatives, non-profits, Indigenous groups – up to a maximum 95% of eligible Project costs or 85% Loan-to-Value (LTV) (based on subject property's market value "as complete") whichever is lower, on residential component and up to 75% LTV (based on subject property's market value "as complete") on non-residential component; and

- Provincial, territorial, and municipal government, and private sector – up to a maximum 75% of Project eligible costs or 85% LTV (based on subject property's market value "as complete"), whichever is lower, on residential component and up to 75% LTV (based on subject property's market value "as complete") on non-residential component.

Maximum Forgivable Loans

- Forgivable loans may be available as an incentive for higher project performance in terms of affordability, environmental efficiency and accessibility.
- These forgivable loans are offered to help offset the additional costs to achieve the higher performance. Projects receiving these forgivable loans for higher performance in conjunction with a repayable loan will have a portion of their repayable loan made available as a forgivable loan. Eligible forgivable loan amounts as a percentage of total project costs are determined by scores generated by the [Financial Viability Assessment Calculator and Scoring Grid](#).¹
- Forgivable Loan/Incentive amounts are limited to the lesser of calculated amount based on the [Financial Viability Assessment Calculator and Scoring Grid](#)¹ or \$10,000/unit.

MINIMUM DEBT COVERAGE RATIO (DCR) REQUIREMENTS

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

Loan applications will be qualified with a 100 bps (1.00%) 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.

¹ <https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.cmhc-schl.gc.ca%2Fsites%2Fcmhc%2Fnhs%2Fco-investment-fund%2Fnhs-co-invest-fund-viability-assessment-repair-renewal-en.xlsx%3Frev%3Df48f2898-53c3-49ae-a254-a1e7a113f098&wdOrigin=BROWSELINK>

INTEREST RATE ON REPAYABLE LOANS

- Fixed interest rate for a 10-year initial term, with option to renew for a second 10-year term at which time a new fixed interest rate will be set.
- Closed to prepayment during each of the 10-year terms.
- Below market rates.

REPAYABLE LOAN AMORTIZATION

Up to 40 years and shall not exceed the remaining economic life of the property.

ADVANCING

Advances authorized on a cost-in-place basis.

SECURITY TYPE

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

RESERVE REQUIREMENTS

Borrowers will be required to establish a replacement reserve at the higher of the amount recommended in the property condition assessment report or 4% of annualized Residential Effective Gross Income (EGI).

Note: The required replacement reserve allocation is used in the DCR calculation when determining maximum repayable loan amount.

REQUIRED DOCUMENTATION

Refer to the [required documentation checklist](#)².

² <https://assets.cmhc-schl.gc.ca/sites/cmhc/nhs/co-investment-fund/nhs-co-invest-fund-repair-renewal-checklist-en.pdf>