

Program Highlight Sheet

Repair and Renewal Stream

The Affordable Housing Fund (AHF) can provide capital to partnered organizations to build new affordable housing and repair/renew existing affordable and community housing.

The AHF is designed to attract partnerships and investment to incentivize new constructions, repair and renew properties that meet or exceed mandatory minimum standards such as affordability, energy efficiency and accessibility.

The AHF offers a variety of funding options including low-cost repayable loans, forgivable loans, and contributions.

This highlight sheet focuses on the Repair and Renewal stream.

Please see the [CMHC Affordable Housing Fund webpage¹](https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund) for information as it pertains to the New Construction Sub-Streams.

Is your project eligible?

Check out the Affordable Housing Fund website at [cmhc.ca/ahf](https://www.cmhc.ca/ahf) for more information on this initiative.

¹ <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund>

PURPOSE OF FUNDING

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.

The financial support can be in the form of a combination of repayable and forgivable loans, or contribution only.

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.
- **Contribution:** a non-repayable, unsecured funding amount.

OTHER FUNDING/ PARTNERS

- To make federal investments go further, the AHF Repair and Renewal stream will prioritize projects that have additional sources of funding: partners are required to financially contribute to the project.
- 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

Property Management Experience

Proponents or the third party contracted management company must demonstrate at least five years' experience operating a property of similar size and type of housing as the subject property.

Construction Management Experience (if applicable)

Proponents, and/or their contracted builder or developer must provide resume(s) demonstrating their experience in construction.

Proponent 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 out 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 overruns and delays.

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.

PRIORITIZATION OF SOCIAL OUTCOMES

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

Affordability

Greater number of units and/or depth of affordability.

Energy Efficiency

No longer included as a minimum requirement.

However, projects with the most ambitious commitments to climate outcomes will be prioritized for funding. Projects may demonstrate a percentage reduction in energy use and Greenhouse Gas (GHG) emissions relative to past or pre-renewal performance levels. (i.e. higher percentage of reduction in operating energy consumption and GHG emissions relative to past performance).

Accessibility

No longer included as a minimum requirement.

However, projects with the most ambitious commitments will be prioritized for funding (i.e. projects with a higher percentage of units that meet accessibility standards or those with barrier-free common areas).

Community Oriented and Social Inclusion

Proximity to public transit, childcare centers, and community centers.

Integrated support and services for tenants on-site.

Financial Partnerships

Stronger financial partnerships with other funders to support the achievement of program targets set by the Government of Canada.

Evidence of ongoing operations and maintenance costs of units, where applicable.

Shovel Readiness

Projects that demonstrate shovel readiness/construction start date.

Supporting Priority Groups

Projects 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+.

The AHF prioritizes affordable housing projects that are rural, Northern and Indigenous-led.

A **rural community** is defined as a Census Subdivision that is not within a Census Metropolitan Areas (CMA) or Census Agglomeration (CA). CMAs have a total population of at least 100,000 of which at least 50,000 live in the core. CAs have a total population of at least 10,000.

The **North** is defined as the territorial governments of Yukon, Northwest Territories and Nunavut.

FUNDING OPTIONS FOR THE REPAIR AND RENEWAL STREAM

Lending Funding Stream

Proponents are eligible for repayable loans combined with forgivable loans depending on the needs of the project and the level of achievement of affordability, energy efficiency and accessibility outcomes.

A repayable loan should be considered as the first option by eligible proponents; however, different combinations of repayable loans and forgivable loans are possible.

NOTE: all percentages of costs in the following tables are based on the residential component.

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 and the viability of the project.

Non-profit / Co-op and Indigenous organizations	Provincial, Territorial and Municipal Governments	Private Sector
Lessor of:	Lessor of:	Lessor of:
<ul style="list-style-type: none"> Up to 95% of eligible costs 	<ul style="list-style-type: none"> Up to 75% of eligible costs 	<ul style="list-style-type: none"> Up to 75% of eligible costs
OR	OR	OR
<ul style="list-style-type: none"> 85% loan to-value. 	<ul style="list-style-type: none"> 85% loan to-value. 	<ul style="list-style-type: none"> 85% loan to-value.

Maximum Forgivable Loans

In addition to the funding previously described, forgivable loans are available for higher performance projects.

Forgivable loans are available as an incentive for higher project performance in terms of Affordability and Energy Efficiency. These forgivable loans are offered to offset the additional costs of the higher performance.

Eligible forgivable loan funding for repairs (renewal) is determined at the lesser of:

- The calculated amount based on the AHF Project Assessment Workbook.²
- \$10,000/ unit.
- Percentage of eligible costs based on proponent type:
 - Non-Profit/Co-ops and Indigenous organizations: up to 40%
 - Provincial, Territorial & Municipal Governments: up to 30%
 - Private sector: up to 15%
 - Yukon, NWT, Nunavut organizations: up to 75%

² <https://assets.cmhc-schl.gc.ca/sites/cmhc/professional/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund/affordable-housing-fund-project-assessment-workbook-repair-renewal-en.xlsx>

Contribution Only Funding Stream

Contribution only funding is available for projects that already have (or will be securing) most of their project funding from other sources.

Funding amounts are determined based on the number of units in the project, construction costs, project type and whether the project meets or exceeds criteria for both affordability and energy efficiency.

If proponents require more than 25% of costs be funded by CMHC, they must apply for repayable and forgivable loan funding.

Please note: the private sector is not eligible for the contribution only funding stream.

Premiums	Funding
Base Funding Amount	\$15,000 / unit
Social Outcomes Premium <ul style="list-style-type: none"> Affordability: minimum of 40% of units are rented at less than 70% Median Market Rent (MMR) AND <ul style="list-style-type: none"> Energy Efficiency (Energy Consumption and Greenhouse GHG) emissions: reduction greater than 35% of pre-repair emissions. 	+ \$5,000 / unit
Construction Cost Premium <p>NOTE: the construction cost premium is limited to centres with above average constructions costs and is updated regularly to reflect current market trends. Locations are defined based on CMHC's HMI Portal.</p>	+ \$5,000 / unit
Project Type Premium <p>NOTE: the project type premium is limited to the following project types: Shelter, Transitional Housing, Supportive Housing</p>	+ \$5,000 / unit

Final funding amounts will be determined based on the lesser of:

- The per unit funding amount as calculated in the Contribution Only table
- Funding required from CMHC
- Percentage of eligible costs based on proponent type
 - Non-Profit/Co-ops and Indigenous organizations: 40%
 - Provincial, Territorial & Municipal Governments: 30%
 - Yukon, NWT, Nunavut organizations: up to 75%

FUNDING ON NON-RESIDENTIAL COMPONENTS

For all projects containing non-residential space, the maximum funding is up to 75% of eligible costs related to the non-residential component.

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 rate. Note that the spread is determined by CMHC and is subject to change from time to time.

INTEREST RATE ON REPAYABLE LOAN

- Either:
 - 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, or
 - Fixed interest rate for a single 20-year term.
- Closed to prepayment during each of the 10-year terms or the 20-year term.
- Below market rate.
- Interest-only payments until completion of repairs; and then principal and interest payment for the remainder of terms.

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, *pari-passu* mortgages are permitted.

Considerations for Indigenous and Northern Housing Solutions Clients: refer to the [Alternative types of security](#)³ offered.

³ <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/indigenous/alternative-types-of-security>

⁴ <https://www.cmhc-schl.gc.ca/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/affordable-housing-fund>

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 annual rental income.

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

COVENANT/GUARANTEE REQUIREMENTS ON REPAYABLE LOANS

No covenants/guarantees are required for existing buildings and the repayable loan may be nonrecourse to the borrowers and guarantors for deficiency after enforcing the security on default.

REQUIRED DOCUMENTATION

Refer to the Required Documentation Checklist available on the [AHF website](#).⁴