

On-Reserve Non-Profit Housing Program (Section 95)



Through the On-Reserve Non-Profit Housing Program (Section 95), CMHC helps First Nations meet their housing needs by providing financial assistance to build affordable rental housing on-reserve. These communities can apply funding in the form low-cost repayable loans as well as housing subsidies.

Eligible Projects

- New Construction
- Purchase and/or rehabilitation of existing housing
- Conversion of an existing non-residential building into housing

Existing units include First Nation-owned housing or units acquired off-reserve and moved on-reserve but excludes units under existing Section 95 Project Operating Agreements.

Repayable Loan

First Nations may borrow funds from CMHC or an Approved Lender. CMHC offers low-cost loans through our Direct Lending program. These loans are insured and may cover up to 100 percent of the eligible project costs.

The type of loan security (e.g. Ministerial Loan Guarantee, letter of credit, leasehold interest, etc.) must be confirmed at the time of application.



Subsidy

Once the loan is under repayment, a monthly subsidy is provided for a maximum of 25 years or the duration of the project loan amortization period, whichever is less.

The subsidy amount is determined by:

$$\begin{array}{|c|} \hline \text{Minimum} \\ \text{Revenue} \\ \text{Contribution} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Operating Costs +} \\ \text{Loan Payments} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Project} \\ \text{Subsidy} \\ \hline \end{array}$$

Loan repayment is the principal and interest payment due to the lender.

Operating Cost Benchmark includes typical operating expenses such as maintenance, insurance, administration, replacement reserve, etc. The Operating Cost Benchmark is set at the time of project commitment.

The **Minimum Revenue Contribution** is the amount of funding the First Nation must contribute toward the project each year.

The subsidy payment is adjusted every five years at loan renewal to reflect the change in loan payments due to fluctuations in the interest rate.

What to expect once your application is approved

Once the application is approved, CMHC and the First Nation enter into a loan agreement (if CMHC is the lender) and an operating agreement, which are in effect for a maximum of 25 years, or the length of the project loan amortization period, whichever is less.

Loan Advances

If CMHC is the selected lender, the First Nation may make loan advance requests to CMHC once all agreements are signed and once all conditions are met.

Project Development and Operations

As owners of the housing, First Nations manage project development as well as the day-to-day operations of the housing portfolio.



How to Apply?

Please contact your Indigenous and Northern Housing Solutions Specialist for more information on program eligibility and the application process.