



## PRESS RELEASE



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### **Expanded Partnership Initiatives Announced to Create Affordable Housing**

**OTTAWA, Ontario, April 12, 2003** — The Honourable David Collenette, Minister of Transport, and Minister responsible for Canada Mortgage and Housing Corporation (CMHC), today announced an innovative package of initiatives that will facilitate the production of affordable housing through partnerships.

The package includes seed funding and interest-free proposal development loans, increased availability of partnership consultation services, training and capacity development as well as flexibilities in CMHC's rental and homeownership mortgage insurance products. The range of tools that will be available for a housing project will depend on the level of affordability of the project.

"These new and expanded initiatives are part of the Government of Canada's national housing strategy to ensure Canadians have access to quality, affordable housing", said Minister Collenette. "The strategy includes \$1 billion for affordable housing, \$384 million for renovation programs and the ongoing commitment of \$1.9 billion which support approximately 640,000 lower-income housing units."

A new seed funding initiative will provide housing project sponsors with access to a combined grant and loan totalling up to \$20,000. In addition, interest-free proposal development loans have been increased from \$75,000 to a maximum of \$100,000, a portion of which will be forgiven. Housing partners, which include non-profit and private sector groups, can also benefit from capacity development training.

"This package will provide flexibility to housing project sponsors to identify new ways of developing affordable housing", said Steve Mahoney, Secretary of State (Selected crown corporations).

CMHC's mortgage loan insurance changes will facilitate the creation of new affordable housing in the market by allowing larger rental loans; reducing rental mortgage insurance premiums; and providing greater flexibility related to cash flow requirements, loan advancing and repayment options. For affordable homeownership projects, a greater range of equity contributions will be recognized.

As part of the new initiatives, CMHC will be increasing its resources to ensure that more consultation services are offered earlier in the housing development process. For example, CMHC will provide advice on assessing project viability and will help housing providers to understand the requirements for obtaining insured mortgage financing for their housing projects.

CMHC, through its Canadian Centre for Public Private Partnerships in Housing, has been promoting the development of affordable housing through partnerships since 1991. Over the past 12 years, the Centre has facilitated almost 500 projects with more than 25,000 housing units.

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## **Partnership Initiatives - Background Information**

### **Seed Funding**

CMHC's Seed Funding offers financial assistance to potential housing providers who are in the very early stages of developing a housing proposal that will be affordable, innovative and/or community-based. Recipients will be selected through an open proposal call process, which will take place at least once per year. The first proposal call will be announced within the next few weeks. Successful applicants will undergo an assessment to determine their need for training.

### **Capacity Development Training**

CMHC will provide training to housing providers to acquire knowledge and skills in the areas of group organization, housing development and property management. Recipients of seed funding will have first priority for this training at no cost to them. Space permitting, other members of the community who are interested in housing may take advantage of this training.

### **Expanded Consultation Services**

Since its establishment in 1991, the Partnership Centre has been a source of housing expertise and advice. CMHC will be expanding these services by doubling its resources and providing more consultation earlier in the housing development process. For example, CMHC will provide financing advice and underwriting guidance to assist potential housing providers to assess the long-term viability of their housing proposals and understand the requirements for obtaining insured mortgage financing.

### **Revised Proposal Development Funding**

Proposal Development Funding (PDF) will provide repayable interest-free loans to facilitate the development of affordable housing. The loans are intended to cover the costs of developing a housing proposal to the point where the proponent can obtain a commitment of financing that will allow the project to proceed. PDF loans will be repayable if the proposed project moves to implementation. A new feature of PDF loans is a forgivable portion if the proponent is successful in producing a project that adds to the stock of affordable housing.

### **Mortgage Insurance Flexibilities for Rental Projects**

CMHC will offer underwriting flexibilities for new rental housing projects for units that are modest in size and design with rents at affordable levels. The level of underwriting flexibility will be related to the level of project affordability. These flexibilities will be available to non-profit and for-profit organizations and include allowing larger rental loans, reducing mortgage insurance premiums and providing greater flexibility related to cash flow requirements, loan advancing and repayment terms.

### **Mortgage Insurance Flexibilities for Homeowner Projects**

CMHC will consider proposals from sponsors for new affordable homeowner housing units. The proposal must be for five or more affordable units, although these units do not have to be in a contiguous location.

Greater flexibility in what can be used as a downpayment or equity will be permitted. For example, potential homeowners or a third party could contribute labour in lieu of a downpayment or the partnership sponsor could provide the downpayment. In addition, grants from a broader range of organizations, other than government, will be acceptable as a downpayment for an affordable housing proposal. Amortization periods of up to 35 years and more flexibility in the amount of debt that can be carried by the homeowner will also be permitted in certain circumstances.