



PRESS RELEASE



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Seed Funding Now Available for Affordable Housing Projects

LONDON, Ontario, November 12, 2004 — Community groups and others looking for funding to help develop a proposal for a housing project are being invited to apply for Seed Funding from the Government of Canada through Canada Mortgage and Housing Corporation (CMHC).

The Honourable Joseph Fontana, Minister of Labour and Housing, today announced that CMHC would begin accepting applications immediately from interested groups or individuals planning to develop an affordable housing project. Innovative or community-based projects may also be considered although priority will be given to proposals for affordable housing.

"This initiative is the result of the Government of Canada's efforts to work with partners and find solutions to meet housing needs," said Minister Fontana. "We are working to create more affordable housing by offering tools such as seed funding to help community-based housing providers to develop and manage local housing solutions tailored to their needs."

Successful applicants will receive a maximum of \$20,000 in Seed Funding. This includes a grant of up to \$10,000, as well as a repayable interest-free loan of up to \$10,000. Interested applicants will have until January 10, 2005 to submit an application for funding.

This program is intended to support community-based housing providers in developing local solutions based on local needs, by providing funding for activities in the early stages of project proposal development. Examples of activities admissible for funding include a housing needs analysis and a business plan.

In the last round of seed funding in October 2003, 110 housing organizations and developers in Ontario received funding to develop their housing project proposals. They were part of 240 proponents selected from across Canada.

Programs such as the Seed Funding initiative demonstrate the Government of Canada's commitment to supporting innovative housing solutions and ensuring Canadians have access to affordable, appropriate and safe homes. The Government identified affordable housing as a key priority in the recent Speech from the Throne, where it stated: "Shelter is the foundation upon which healthy communities and individual dignity are built."

Established in 1991, CMHC's Partnership Centre is a network of housing experts who offer information and expertise and other resources to help facilitate the production of housing. The Partnership Centre provides tools for non-profit and private sector housing proponents who are planning to develop housing that is affordable or innovative or community based. The more affordable the proposed housing, the more tools there are available.

Applications for Seed Funding are being accepted by CMHC starting November 15, 2004, and must be received at CMHC's Business Centre in Toronto, **no later than 4:00 p.m., Monday, January 10, 2005**. For more information, please contact Brett Barnes at tel: (416) 250-3288, fax: (416) 250-3204, e-mail: bbarnes@cmhc-schl.gc.ca.

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Partnership Initiatives — Background Information

Consultation Services

Since its establishment in 1991, the Partnership Centre has been a source of housing expertise and advice. CMHC Partnership Representatives provide advice and guidance to assist potential housing providers to assess the long-term viability of their housing proposals and understand the requirements for obtaining mortgage financing.

Seed Funding

CMHC's Seed Funding offers financial assistance to potential housing providers who are in the very early stages of developing an affordable housing proposal. Innovative and/or community-based proposals may also be considered, but priority is given to housing proposals that are affordable. A combined grant and interest-free loan, to a maximum of \$20,000, may be made available to cover expenses of a need and demand analysis and business plan for the proposed housing project and other activities required to assess the proposal's feasibility, and take first steps towards its realization

Meeting Training Needs

Training needs are determined with housing proponents who are selected to receive Seed Funding assessment, to determine their need for training. Where a training need is identified, CMHC will help potential housing providers to acquire knowledge and skills in areas such as, group organization, housing development and property management.

Proposal Development Funding Loans

Proposal Development Funding (PDF) provides interest-free loans of up to \$100,000 to facilitate the development of affordable housing. The loans help with 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 are repayable if the proposed project moves to implementation. A portion of the PDF loan may be forgiven if the proponent is successful in producing a project that adds to the stock of affordable housing as defined by CMHC.

Mortgage Insurance Flexibilities for Rental Projects

CMHC offers 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 is related to the level of project affordability. These flexibilities are 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

For pre-approved affordable homeowner housing projects of at least five units, CMHC permits alternatives to cash down payments. For example, potential homeowners or a third party could contribute labour in lieu of a down payment or the partnership sponsor could provide the down payment. In addition, grants from a broad range of organizations are acceptable as a down payment 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 are also permitted in certain circumstances.