



PRESS RELEASE



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Save on Home Energy Costs Thanks to New CMHC Initiatives

OTTAWA, Ontario, November 18, 2004 – The Government of Canada, through Canada Mortgage and Housing Corporation (CMHC), is introducing two new federal energy efficiency initiatives to help meet Canada's climate change objectives and provide cleaner air and healthier communities for all Canadians, announced the Honourable Joe Fontana, Minister of Labour and Housing, this morning.

Effective immediately, CMHC, Canada's national housing agency, will offer a 10 per cent refund on its mortgage loan insurance premium when a borrower buys or builds an energy-efficient home or makes energy-saving renovations to an existing home.

The second federal energy-efficiency initiative enhances the Residential Rehabilitation Assistance Program (RRAP) — a program aimed at helping low-income households repair their dwellings to minimum health and safety levels. Effective immediately, new RRAP standards will allow repair work to include energy-saving renovations and retrofits that will improve the energy performance of housing units assisted through the program.

"The federal government is committed to making quality homes that are environmentally-friendly and energy-efficient a real option for all Canadians," said Minister Fontana. "It is also important to promote proven technology which can reduce the amount of energy we consume from non-renewable resources."

Minister Fontana commented "these new enhancements are the result of CMHC working with its federal partners to ensure the needs of Canadians and future generations are met."

The CMHC Mortgage Loan Insurance for Energy Efficient Homes will be applicable to both owner occupied and rental properties through participating financial institutions when a borrower obtains a new mortgage or refinances an existing one. Currently, CMHC's existing mortgage loan insurance products and policies already contribute to promoting energy efficiency in homes by recognizing lower heating costs in the calculation of the size of mortgage a borrower can comfortably carry.

To qualify for CMHC's premium refund, a home's energy efficiency must be rated using Natural Resources Canada (NRCAN) EnerGuide for Houses rating system and meet certain minimum requirements. For new construction, an EnerGuide for New Houses energy advisor must rate the building plans before the home is built. A new home that is R-2000 certified or that has an EnerGuide for Houses rating of 80 or above is eligible for a CMHC premium refund.

For existing homes, homebuyers or owners who complete energy-saving renovations through the EnerGuide for Houses service may also qualify for a non-taxable grant from NRCAN ranging from \$116 to \$3,348.

"This is a great initiative," said the Honourable John Efford, Minister of Natural Resources. "More than 17 per cent of energy consumed in Canada is used to run our homes. Building an energy-efficient home or undertaking energy-saving renovations can mean savings for homeowners as well as helping the environment."

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CMHC's premium refund is also applicable to rental properties (apartment buildings, retirement and nursing homes). This new initiative is intended to encourage developers and owners to construct new energy-efficient buildings or retrofit existing buildings to make them more energy-efficient.

"The Government of Canada, through CMHC is committed to rehabilitating housing in need of repair for low income households," said Minister Fontana. "This is an important part of our national affordable housing strategy to preserve and enhance the existing housing stock. New RRAP standards that allow projects to include components that will improve energy performance are an effective and responsible way of promoting energy efficiency and sustainable development."

For more details on these new initiatives, contact CMHC at 1 800 668-2642.

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Media Backgrounder

CMHC Save on Home Energy Costs

Qualifying for the Refund When Buying or Building a Home

Homebuyers planning on building a new home can ask their builder to have their house plans evaluated by an EnerGuide for New Houses energy advisor to determine its energy efficiency rating. The advisor will work with the builder to develop energy upgrade packages that have money-saving features that could be included in the new home before it is built. While NRCan does not offer grants to build a home, if it is built to the R-2000 standard or rated 80 or above on the EnerGuide, the borrower is eligible for CMHC's Mortgage Loan Insurance for Energy Efficient Homes.

If the house does not have an NRCan EnerGuide for Houses rating, the buyer or builder will need to obtain an EnerGuide for House evaluation.

For existing homes, if the house being purchased rates below 80 on the EnerGuide scale, energy-saving improvements will be necessary to qualify. A second rating, undertaken once the upgrading is complete, must show an increase of at least 5 points and a minimum overall rating of 40 to be eligible for CMHC's new Energy Efficiency premium refund. Homeowners who complete energy-saving renovations based on an EnerGuide for Houses evaluation could also be eligible for a grant from NRCan.

Mortgage loan insurance for Energy Efficient Homes also recognizes lower heating costs in the calculation of the size of mortgage the borrower can comfortably carry.

Example:

Purchase of a house with an EnerGuide for Houses rating of 80 or above, or is R-2000 certified.

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Purchase price	\$120,000
Less down payment of 5%	\$6,000
Mortgage amount	\$114,000
CMHC Mortgage Loan Insurance premium	\$3,705
10% refund on premium	\$370.50

Qualifying for the Refund When Renovating a Home

When a homeowner is refinancing their mortgage to make energy-saving renovations, they should first contact an EnerGuide for Houses energy advisor to evaluate the home. If the rating is below 80, a list of customized energy upgrade recommendations is provided to increase the home's overall rating. Common recommendations include a more energy-efficient furnace, better insulation, a higher-efficiency hot water heater or simple draft-proofing.

The homeowner would then talk to their financial institution about refinancing their home with CMHC's Mortgage Loan Insurance product for Energy Efficient homes.

A second evaluation is then done once the energy-saving renovations are completed. Provided the evaluation shows an improvement of at least 5 points and an overall rating of at least 40, they will become eligible for the refund and an NRCan grant.

Example:

Purchase and improvement of an existing home with an EnerGuide for Houses rating of 45 before renovations are completed, and a rating of 60 afterwards.

Purchase price	\$85,000
Cost of energy improvements	\$20,000
Value after improvements	\$105,000
Less down payment of 5%	\$5,250
Mortgage amount	\$99,750
CMHC Mortgage Loan Insurance premium	\$3,242
10% refund on premium	\$324.20
NRCan EnerGuide for existing houses grant	\$735.00

Obtaining an NRCan EnerGuide for Houses Evaluation

NRCan developed the EnerGuide for Houses service to help homeowners make energy-saving choices when buying or renovating a home. For a fee, a qualified EnerGuide for Houses advisor evaluates a home and provides a written evaluation report within 2 to 3 business days. The evaluation report provides a breakdown of energy consumption and a rating of the home's energy-efficiency on a scale of 0 to 100. The higher the rating, the more energy-efficient the home is. The report also recommends improvements to increase the home's energy performance and provides an estimated EnerGuide for Houses (EGH) rating if improvements are completed.

For more information on EnerGuide for Houses and to find an energy advisor in your area, visit NRCan's web site energuideforhouses.gc.ca or call 1 800 387-2000.

Other information sources:

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Canadians can also visit the Government of Canada Climate Change web site www.ecoaction.gc.ca to find ways to reduce greenhouse gas (GHG) emissions and learn how to use less energy, save money, improve air quality and protect our environment by taking the One-Tonne Challenge.

Eligibility for Developers and Owners of Multi-unit Residential Properties

Developers and owners of multi-unit residential properties can also take advantage of the 10% refund on Mortgage Loan Insurance premiums to construct energy-efficient buildings or retrofit existing buildings to make them more energy-efficient.

Initially, this is being offered on a two-year pilot basis and like the Homeowner initiative, is linked to NRCan's program, reflecting the partnership between these two federal organizations.

Under NRCan's Commercial Building Incentive Program, financial incentives are offered for the incorporation of energy efficiency features in new commercial/institutional and multi-unit residential buildings. To be eligible, a multi-unit residential building must be at least four storeys high or occupy a footprint greater than 600m² with a common entrance. Information on CBIP: oee.nrcan.gc.ca/newbuildings or by calling 877-360-5500.

New Residential Rehabilitation Standard for Homeowner and Rental

The Residential Rehabilitation Assistance Program (RRAP) has a 30-year legacy of meeting the housing needs of Canadians. RRAP is a cornerstone of Canada's national housing policy and is part of the Government of Canada's national housing strategy, which includes a \$1 billion federal investment in affordable housing. RRAP was created to help low-income households including seniors, persons with disabilities and Aboriginal people to repair their dwellings to minimum health and safety levels. Effective immediately standards for repairs and upgrades to meet current health and safety requirements include additional elements for improving energy performance.

Specifically:

Insulation:

Eligible work now includes insulating accessible areas and draft-proofing the home. This type of repair is proven to be one of the most effective retrofit repairs with regards to saving energy.

Heating Systems:

When installing a new heating system, upgrading to take advantage of the best possible efficiencies and technology is now eligible and encouraged.

Windows:

Upgrades related to higher energy performance to assist with lower heating costs is now eligible and would normally contribute to lower heating costs.

Water:

Upgrades related to installing low use water products such as toilets, faucets and showers — when they are available — are now an eligible cost under the program.

Program Details

Residential Rehabilitation Assistance Program (RRAP) for Homeowners

This program provides financial assistance to low-income homeowners, who own and occupy housing, to enable them to repair their dwellings to meet a minimum level of health and safety. The maximum assistance available varies from \$16,000 to \$24,000 per household depending on geographic location.

Rental/Rooming House RRAP

This program provides assistance to landlords of affordable housing to pay for mandatory repairs to units and beds occupied by low-income tenants. The maximum assistance available varies from \$24,000 to \$36,000 per unit or \$16,000 to \$24,000 per bed depending on geographic location.

RRAP — Conversion

This program provides assistance to convert non-residential properties into affordable self-contained rental housing units or bed-units. The maximum assistance available varies from \$24,000 to \$36,000 per unit or \$16,000 to \$24,000 per bed depending on geographic location.

The service delivery organization for the Residential Rehabilitation Assistance Program (RRAP) varies by province and territory. Call CMHC at 1 800 668-2642 for contact information.