CANADA MORTGAGE AND HOUSING CORPORATION

CMHC MULTI-UNIT
AFFORDABLE HOUSING

FACILITATING NEW AFFORDABLE HOUSING UNITS IN CANADA.

To facilitate affordable multi-unit housing, CMHC offers financing flexibilities, including loan-to-value ratios of up to 95% and reduced premiums. The higher the level of affordability, the greater the flexibilities offered.

FEATURES

- Range of enhanced flexibilities offered – permitting financing to be tailored to project needs with the degree of flexibility offered dependant on project's level of affordability.
- Up to 95% loan-to-value or loan-to-cost.
- Greater flexibility in cash flow requirements, loan advancing.
- Reduced premium schedule.

BENEFITS

Flexibility – Borrowers can obtain mortgage financing up to 95% of the lending value of the property.

Lower Interest Rates – CMHC-insured financing provides access to competitive interest rates for the life of the mortgage.

Reduced Renewal Risk – CMHC Mortgage Loan Insurance offers product features that meet project financing needs and facilitate renewals.

Availability – Available for new affordable multi-unit residential properties including rental, retirement and long-term care facilities located from coast-to-coast-to-coast.

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www.cmhc.ca/multi-unit **1-877 Multi GO**

Canada

CMHC SCHL
HOME TO CANADIANS

<table>
<tr><td>General Conditions</td><td colspan="3">▪ New additions to the affordable multi-unit housing stock (minimum project size of 5 units). Units are modest in size, design, and amenities vs. others in the market. CMHC affordability criteria are met.
▪ This can include new construction, conversion from non-residential to residential and replacement of affordable units, for example, as a result of demolition.</td></tr>
<tr><td>Affordability Criteria</td><td colspan="3">Three levels of affordability apply according to the following criteria.
Level 1 – majority of rents below the 80th percentile of market
Level 2 – majority of rents below the 65th percentile of market
Level 3 – Projects receiving funding under the federal-provincial / territorial Affordable Housing Initiative (AHI) agreements (other projects may be considered)
Retirement Facilities: same percentile as above relative to the similar project type and service level in the market.
Licensed Care / Special Purpose: majority of the beds receive per diem subsidies to reduce shelter costs. Level 1 – subsidy term is less than mortgage amortization. Level 2 – subsidy term is equal to mortgage amortization.
Single Room Occupancy: majority of rents less than 60% of median one bedroom rent in market (Level 1).</td></tr>
<tr><td>Maximum Loan Amount</td><td colspan="3">Level 1 – Loan-to-value ratios of up to 95%. of lending value, as determined by CMHC
Level 2 – Loan-to-value ratios of up to 95% of lending value, as determined by CMHC (or, in some cases, 95% of the agreed costs).
Level 3 – The loan may not exceed 95% of agreed costs.</td></tr>
<tr><td rowspan="2">Reduced Premium Schedule</td><td>Level 1 and Level 2*:
<u>Loan-to-Value Ratio</u>
Up to and including 65%
Up to and including 70%
Up to and including 75%
Up to and including 80%
Up to and including 85%
Up to and including 90%
Up to and including 95%</td><td>
<u>Premium as % of Loan</u>
1.20%
1.40%
1.50%
2.40%
3.10%
3.40%
3.80%</td><td>Level 3
Full premium and surcharge waiver relating to residential component.
Standard fees apply.</td></tr>
<tr><td colspan="3">*Standard premium surcharges apply as required</td></tr>
<tr><td>Minimum Debt Coverage Ratio Requirements</td><td colspan="3">Level 1* - 10 year term
Minimum 1.20 using market rents (1.40 for licensed care, retirement and special purpose facilities). Calculated before fees and premiums are added to the loan and excluding reserve requirements
Minimum 1.10 using actual rents and including fees, premiums and reserves.
Level 2 and 3* -
Minimum 1.00 using actual rents and including fees, premiums (when required) and reserve.
*Where term is less than 10 years, an additional DCR requirement of 0.10 applies.</td></tr>
<tr><td>Advancing / Rental Achievement Holdback</td><td colspan="3">Level 1 – Release of rental achievement holdback at rent-up with no surcharge; or waiving of rental achievement holdback for 0.25% surcharge.
Level 2 and 3 – Waiving of rental achievement holdback with no surcharge.
Level 3 – CMHC will provide consideration for staged grants which are unconditionally committed to the project.</td></tr>
<tr><td>Reserve Requirements</td><td colspan="3">Reserves are required to mitigate the risk from cash flow fluctuations. Flexibility in reserve requirements may be considered where the risk of fluctuations is mitigated by an alternative, e.g. rent subsidy commitments, collateral security, or guarantees from partners.</td></tr>
</table>

Interest Rate	Fixed interest rate or floating (with ceiling rate)
Amortization	Up to 40 years (premium surcharges may apply for amortizations > 25 years)
Non-Residential Component	Not to exceed 20% of gross floor area nor 20% of total lending value. Loan relating to non-residential component must not exceed 75% of lending value of non-residential component.
Borrower Eligibility	Borrowers can be private, public, or non-profit entities,. The following eligibility criteria apply to Affordability Levels 1, 2 and 3. ▪ **Property Management Experience**: Borrower must have at least 5 years experience operating a housing project of similar type and size. ▪ **Credit and Repayment History**: Borrower must have at least break even cash flow over past 5 years with excellent credit and repayment history. ▪ **Construction Management Experience**: Borrower must demonstrate that they have successfully completed a similar project on time and within budget. Other wise, borrowers must enter into a fixed price contract with experienced general contractor who has experience building projects of similar size, cost, building form and construction type in the same market area. Borrowers must have a demonstrated ability to withstand unexpected increases in construction cost. For newly formed groups, substitutes will be considered: ▪ **Property Management Experience**: Borrower must enter into a long term contract (minimum of five years) for the management and operation of the project with a company that has at least five years experience operating a housing project of similar type and size. This could include a parent/affiliated company or a professional property management firm. ▪ **Credit and Repayment History**: Borrower must provide either collateral security or the guarantee of an entity which meets the borrower eligibility criteria (the collateral or guarantee is required until the borrowing entity accumulates five years of excellent credit and repayment history). Alternatively the debt coverage ratio requirement based on actual rents will be increased by an increment of 0.10. ▪ **Construction Management Experience**: Where a construction management approach is used, the construction management must be contracted to a parent/affiliated company that meets the construction management eligibility criteria and a formal arrangement must be in place with the parent company related to the project's development.
Borrower Net Worth and Guarantees	Flexibility permitted in net worth and guarantee norms for affordable projects.
Premium Discount Transfer	A non-profit group, without charitable status, may transfer the premium discount to which they would normally be entitled to a donor in exchange for a cash donation. ▪ Premium discount can be used by the donor on a future application for mortgage insurance in the name of the donor. ▪ Transferable premium discount equal to the lesser of 60% of the donation or the dollar amount of the premium discount which the non-profit group is entitled. ▪ Premium discount will be provided to the Approved Lender but can be transferred by the donor to any Approved Lender.

See additional factsheets for more information.