



Affordable Housing Contribution Fund (AHCF) – Co-Investment

Frequently Asked Questions

Q. How can I apply for funding under the Affordable Housing Contribution Fund?

A. Proponents must have an active application under the CMHC National Housing Co-Investment Fund before applying for funding under the Affordable Housing Contribution Fund. Proponents must sign a consent form authorizing Housing Nova Scotia to engage in discussions with CMHC regarding the proposed project. Applications for funding under the Affordable Housing Contribution Fund Program (AHCF) are solicited through an application process posted on the Housing Nova Scotia website [housing.novascotia.ca]. Proponents must complete and submit [an AHCF Application](#) and supporting documents by the submission deadline of August 15, 2021. Eligible proponents include private and not-for-profit housing providers.

Q. When will the application window for the Affordable Housing Contribution Fund close?

A. The application window for the Affordable Housing Contribution Fund funding in fiscal year 2021/22 will be open for 45 days and will close on August 30, 2021. HNS may re-open the application window prior to March 31, 2022 if additional funding is available for commitment in the 2021/22 fiscal year or if there is still funding available based on the projects submitted through the open call for proposals. The application window for the Affordable Housing Contribution Fund will re-open as funding allows in subsequent fiscal years.

Q: What is the maximum funding per project?

A: There is no specific maximum funding limit per project. However, funding is typically provided for no more than half the units in a project, subject to budget availability. Smaller projects of less than 10 units may receive funding for all units.

Q: What is the maximum funding per unit?

A: The maximum funding per unit (or bedroom in a rooming house) is \$50,000.

Q: Is there a limit on the number of units in a project?

A: There is no maximum limit on the number of units the proponents can build in a project but there is a minimum of 5 self-contained rental units to be eligible to apply. Rooming houses must contain a minimum of 5 bedrooms with at least one common kitchen and three-piece bathroom.

Q: How is funding allocated under the Affordable Housing Contribution Fund Program?

A: AHCF funding will be awarded to proponents, subject to budget availability based on alignment with NHCF eligibility criteria and local housing needs/provincial housing priorities. Therefore, priority may be given to proponents from the Community Housing sector or for projects that demonstrate partnerships with the Community Housing sector.

Q: Does Housing Nova Scotia assist with completing the funding application?

A: Housing Nova Scotia can clarify submission requirements and details regarding the proposal review process. However, we do not provide design, pre-development, or financial advice. Proponents are encouraged to consult with financial, legal, and construction professionals, as necessary, to complete their proposal. Proponents are also encouraged to discuss the proposed project with the local municipal planning office to ensure it complies with local building codes. We encourage community housing providers to seek partnership opportunities with the private sector.

Q: Where can I find rental market data?

A: Proponents may find the CMHC Housing Market Information Portal helpful in conducting market research: <https://www03.cmhc-schl.gc.ca/hmip-pimh/en#Profile/1/1/Canada>. Many proponents rely on advertisements to establish local market rents. Developers can also draw on current wait lists and queries from prospective tenants to establish demand for the units. You may also speak with an appraiser, municipality, and/or regional housing authority as well as other local landlords and non-profit housing organizations to find more information.

Q: Can I include commercial space in the building?

A: Commercial space may be included in the building. Revenue and expenses pertaining to commercial components should be identified as separate line items in the pro forma budget projections.

Q: How much rent can I charge for affordable units?

A: Proponents are encouraged to determine the break-even and market rents for a proposed project. The proposed affordable rents would fall within this range. Rents for funded units must be based on the number of bedrooms in a unit and cannot include premiums for larger unit dimensions or barrier-free design. Proponents are encouraged to include heat, hot water, domestic electricity, and parking in the rent for affordable units.

It is important to keep in mind that the strength of a proposal is enhanced by minimizing the proposed affordable rents while maintaining sufficient revenue to ensure the project's financial sustainability. The final approved affordable rent for a particular project will be determined during the proposal review process.

Q: How does Housing Nova Scotia determine the affordable rent for a project?

A: Although the developer would include proposed rents in the application, approved rents on the funded units for a particular project are determined during the proposal review process based on a combination of factors including total developments costs, debt service costs, market rents in the immediate and/or surrounding neighbourhood, and long-term sustainability of the project.

Q: Are there design guidelines for projects funded under the Affordable Housing Contribution Fund Program?

A: Units funded through the Affordable Housing Contribution Fund may be constructed as rooming houses, multi-family structures (e.g. duplexes, fourplexes, apartment buildings, etc.), or single unit dwellings. However, the design should be planned with cost containment in mind. Units must comply with the accessibility and energy efficient eligibility requirements under the CMHC National Housing Co-Investment Fund.

Q: I have already started construction/renovations. Can I still apply for funding for my project?

A: No. Projects under construction are not eligible for funding under the Affordable Housing Contribution Fund. You cannot start construction/renovations until you receive formal notification that your project has been selected for funding and you have met all the funding conditions outlined in the Project Contribution Agreement.

Q: Does the Affordable Housing Contribution Fund Program provide funding to buy vacant land or rental properties?

A: The Affordable Housing Contribution Fund is not intended to provide funding for the acquisition of vacant land or rental properties. The program's objective is to incentivize the construction of new affordable rental housing, preservation of vacant rental units at risk of being lost to the rental market, or conversion of existing non-residential buildings into affordable rental housing through the NHCF.

Q: How much equity do I need to contribute to the project?

A: There is no minimum equity contribution under the AHCF. However, developers must contribute sufficient equity to satisfy eligibility requirements under the CMHC National Housing Co-Investment Fund.

Q: Our organization purchased the property within the last year. Do we still need to submit a property appraisal?

A: In situations where the property was acquired within the last year, a copy of the Purchase & Sale Agreement or your lawyer's statement of disbursements must be provided.

Q: What is the timeline for reviewing a proposal?

A: Proposals will be reviewed in September 2021. Successful proponents will be notified no later than October 31, 2021.

Q: What is the process for reviewing a proposal?

A: Proposals received during each submission period will be ranked in comparison to other proposals. All applications for funding will be prioritized based on local housing needs/provincial housing priorities and the achievement of National Housing Strategy (NHS) Action Plan Priorities:

- Strengthening programs across the housing spectrum
- Partnering with the private sector and community housing providers to improve access to affordable housing.
- Creating communities that maximize people's economic and social well-being.
- Ensuring housing is sustainable for generations to come.

Q: When will I know if my application has been approved?

A: Only successful proponents will receive a formal Conditional Funding Approval Letter from Housing Nova Scotia for projects selected for funding under the Affordable Housing Contribution Fund Program. Conditional Funding Approval Letter(s) will be issued prior to March 31, 2022 for successful proposals submitted in the initial submission period closing August 15, 2021.

Q: I have made an offer on a parcel of land. Can I still apply for funding under the Affordable Housing Contribution Fund Program?

A: Yes, you may apply for funding if the land is under option; however, the property transfer must be concluded before formal funding approval. A copy of the fully executed Purchase & Sale Agreement, including all addendums and schedules, must accompany your funding application.

Q: I am interested in developing a project in phases. Should I apply for all the phases on one application?

A: No. Applications must be submitted for each separate phase as you are ready to commence construction, as application windows permit. A funding approval for one phase does not imply funding will be approved for subsequent phases. Similarly, subsequent phases may be approved for funding even if a previous phase did not receive funding under the AHCF.

Q. Can funding sources other than the CMHC National Housing Co-Investment Fund be used to fund the project?

A: Yes. Capital Contributions from other sources are acceptable and may include private donations, third party grants, municipal grants or loans, or other sources of cash contributions to the project. Documentation confirming the amount and terms of the funding must be enclosed with the AHCF application. "In kind" contributions of labour and/or supplies are not permitted.

Q: I plan to build several buildings on different parcels. Should I submit a separate application for each parcel?

A: If you intend to construct the buildings and seek funding under the CMHC National Housing Co-Investment Fund as a single project, you can include all the parcels on one application.

Q: I plan to build several buildings. Should the affordable units be in one building and the market units be in a separate building?

A: Both the affordable and market units should be mixed within each building in a single project.

Q: If my project is approved for funding, when will the capital contribution be paid?

A: Once all funding conditions have been met, the capital contribution will be disbursed during construction in accordance with an approved cash flow schedule for the project, upon presentation of a third-party progress claim.

The final draw, equivalent to 10% of the AHCF capital contribution, will be released upon project completion, as defined in the Project Contribution Agreement.

Q: Does Housing Nova Scotia find tenants for the affordable units?

A: Owners are responsible for marketing and leasing the affordable units, in accordance with Residential Tenancies legislation.

Q: I plan to develop seniors' housing. Can I include two-bedroom units in my project?

A: Units targeted to seniors must be bachelor or one-bedroom units to comply with National Occupancy Standards. This restriction does not apply to the units that would be rented at market rates.

Q: What are my responsibilities during the term of the forgivable loan?

A: Once the forgivable AHCF loan has been put on repayment, the funding recipient must:

- continue to adhere to the terms of the Project Contribution Agreement;
- operate in accordance with the Nova Scotia Residential Tenancies Act and the Human Rights Act;
- market the affordable rental units funded through the AHCF and select tenants that meet the eligibility criteria outlined in the Project Contribution Agreement;
- lease funded units in accordance with the National Occupancy Standards which restrict the number of residents in a unit based on household composition and bedroom count;
- verify the tenants' household income at initial occupancy and lease funded units to tenants with household incomes below the limit established by Housing Nova Scotia;
- submit regular reports to Housing Nova Scotia confirming the rent charged and tenants' household income for each unit funded through the Affordable Housing Contribution Fund (AHCF);
- maintain complete financial and operational records relating to the project.

Q: Can I sell my building before the forgivable loan matures?

A: In accordance with the Project Contribution Agreement, you must request authorization from Housing Nova Scotia to sell your property. The new owner may be approved to assume the HNS mortgage and Project Contribution Agreement or you may be required to pay the outstanding balance of the forgivable loan.

Q: Is the funding in the form of a grant or a loan?

A: Funding under the Affordable Housing Contribution Fund is in the form of a forgivable loan. Instead of monthly payments, developers earn monthly forgiveness until the loan matures, as long as the project remains in compliance with the Project Contribution Agreement. This includes maintaining affordable rents for the full 20-year term of the forgivable loan.

Q: Does Housing Nova Scotia register a mortgage?

A: Yes. Housing Nova Scotia will register a mortgage on the property to secure the capital contribution under the Affordable Housing Contribution Fund. Housing Nova Scotia will register a mortgage on the property for the full value of the capital contribution when the initial draw is advanced, in accordance with the Project Contribution Agreement. The Housing Nova Scotia mortgage is registered as a second charge on the parcel behind the CMHC mortgage.

Q: Are blanket mortgages permitted?

A: The CMHC mortgage must be registered exclusively on the parcels that are included in the affordable housing development. Where the project is comprised of two or more parcels, CMHC may register a blanket mortgage over the same parcels that will be secured by the Housing Nova Scotia mortgage.

Q: Can I increase rents during the term of the forgivable loan?

A: Yes. The Project Contribution Agreement specifies rent increases for the first five years of operations. Subsequent rent increases must be approved in writing by Housing Nova Scotia.

Rents for market units in an AHCF-funded project may be increased during the 20-year term of the forgivable loan at the discretion of the owner, as long as the increase does not jeopardize the project's financial sustainability through losses due to increased vacancy. Rent increases for AHCF-funded units must be approved in writing by Housing Nova Scotia prior to providing notification to tenants, within the timeframe required under the Residential Tenancies Act. Requests for rent increases must be submitted to Housing Nova Scotia at least six (6) months prior to the anticipated implementation date.

Q: What happens when the forgivable loan matures?

A: Once the forgivable loan matures, the landlord can increase rents without seeking HNS approval, in accordance with current Residential Tenancies and rent control legislation. Market rents for units which did not receive funding may be increased during the term of the forgivable loan at the owner's discretion.