

Affordable Housing Program (AHP)

Frequently Asked Questions

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

A. Applications for funding under the Affordable Housing Program (AHP) are solicited through an Open Call posted on the Housing Nova Scotia website [housing.novascotia.ca]. Proponents must complete and submit an [AHP application form](#) and supporting documents by the submission deadline of July 15, 2021. Proponents must submit a formal Affordable Housing Program (AHP) application even if they have already engaged in discussions with Housing Nova Scotia. Proponents on the Affordable Housing Program waitlist prior to June 1, 2021 have been contacted by HNS staff regarding their application.

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

A. The application window for the Affordable Housing Program funding in fiscal year 2021/22 will be open for 45 days and will close on July 15, 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 Program 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 per project; however, funding does not exceed 40% of total development costs (20% equity, 40% conventional financing and 40% AHP). Funding is typically provided for half the units in a project; however, we can consider other ratios.

Q: What is the maximum funding per unit?

A: The maximum funding per unit is \$50,000.

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

A: Projects must be a minimum of 4 self-contained rental units. There is no maximum limit on the number of units the proponents must have in a project to be eligible to apply.

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

A: AHP funding will be awarded to proponents, subject to AHP budget capacity, based on an evaluation of their application, organizational capacity, depth of affordability attained, the project's potential to address an unmet need in the community in which it will be located, and alignment with provincial priorities under the National Housing Strategy. Proposed projects that meet mandatory eligibility criteria and target priority populations, identified under the Canada-Nova Scotia Housing Agreement 3-Year Action Plan, will be prioritized.

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 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: Yes. 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 Program?

A: Units funded through the Affordable Housing Program may be constructed as 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 Housing Nova Scotia Visitability Standards and modesty guidelines as detailed in the AHP Program Guide. In addition, projects must comply with energy efficiency targets under the National Housing Strategy CMHC - HNS Bilateral Agreement under the.

Q: Are visitable units the same as Barrier-Free units?

A: No. Visitable units are designed and built to reduce some physical barriers otherwise present to visitors with mobility impairments. Visitable housing incorporates many features of Barrier-Free design which can be incorporated at the time of construction and enhance inclusivity in the built environment. Barrier-Free units include design features which allow an individual with a mobility impairment to reside in the unit.

Q: How many visitable units must be included in the project?

A: All non-barrier-free units constructed on an accessible level must be made visitable in accordance with HNS Visitability Standards. This requirement includes both affordable and market rent units. Relief from these requirements may be sought for conversion projects with approval by HNS. HNS Visitable Standards can be found at the following link: https://housing.novascotia.ca/sites/default/files/HNS_Visitability_Requirements.pdf

Q: How many Barrier-Free units must be included in the project?

A: A minimum of 10% of the units in a proposed project must comply with the Barrier Free (BF) Design Requirements of the National Building Code and Nova Scotia Building Code Regulations. It is the responsibility of the proponent to ensure the design complies with these standards.

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 Program. 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 Program provide funding to buy vacant land or rental properties?

A: No. The Affordable Housing Program 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.

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

A: Developers must contribute equity equivalent to 20% of total development costs for the project. This may be in the form of unencumbered land and/or cash.

Q: I purchased the property within the last year. Do I 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 July and August 2021. Successful proponents will be notified no later than October 15, 2021.

Q: What is the process for reviewing a proposal?

A: Proposals will undergo an initial assessment based on several categories including, but are not limited to, the proponent's capacity, site suitability, design, market demand, target demographic, depth of affordability, financing, and construction schedule. Following the initial assessment, proposals received during each submission period will be ranked in comparison to other concurrent proposals based on the project's development stage and overall suitability, including immediate financial viability and long-term sustainability. Projects at or approaching the "shovel-ready" stage will be ranked higher.

Proposals selected for further assessment will be evaluated based on the following criteria:

- Cost effectiveness and financial viability;
- Potential for long-term sustainability;
- Capacity to meet an identified need for affordable housing in the community in which the project will be located;
- Capacity of the proponent;
- Project design, including accessibility and energy efficiency;
- Alignment with Housing Nova Scotia priorities; and
- AHP budget capacity.

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 Program. Conditional Funding Approval Letter(s) will be issued prior to March 31, 2022 for successful proposals submitted in the initial submission period closing July 15th, 2021.

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

Q. Can funding sources other than conventional lenders be used to fund the project?

A. Yes. Capital Contributions from other sources 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 AHP 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 conventional financing 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: The affordable and market units should be distributed within all the buildings 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 AHP 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: No. 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 AHP 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;
- marketing the affordable rental units funded through the AHP 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 Program (AHP);
- maintain complete financial and operational records relating to the project.

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

A: Yes. 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 Program is in the form of a forgivable loan. In lieu 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 15-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 Program. The mortgage is registered as a second charge on the parcel behind the conventional lender's mortgage.

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 will be a second charge on the parcel behind the conventional lender's mortgage.

Q: Are blanket mortgages permitted?

A: The conventional lender's 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, the conventional lender may register a blanket mortgage over the same parcels that will be secured by the Housing Nova Scotia mortgage.

Q: What lenders can be used for affordable housing projects?

A: Conventional lenders must be *National Housing Act* approved lenders. A list of *National Housing Act* approved lenders can be found at <https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/mortgage-loan-insurance/nha-approved-lenders/nha-approved-lenders>

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 AHP-funded project may be increased during the 15-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 increased vacancy losses. Rent increases for AHP-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.