



NUNAVUT HOUSING CORPORATION

NUNAVUT AFFORDABLE HOUSING SUPPLY INCENTIVE PROGRAM

POLICY STATEMENT

The Nunavut Housing Corporation (NHC) recognizes the critical need to support the development of affordable housing in Nunavut. More housing in all communities and expanding the housing continuum is a priority.

The Nunavut Affordable Housing Supply Incentive (NAHSI) Program provides eligible applicants with a forgivable loan to help fund the construction of new affordable housing units intended for households with low or moderate income.

The goals of the program include increasing the availability of affordable rental and homeownership units for Nunavummiut, improving the quality and sustainability of Nunavut's housing stock, and expanding the territory's housing continuum.

PRINCIPLES

This program is based on the following principles:

1. The program supports the capital development of new affordable housing and increases the supply of affordable rental and homeownership units;
2. The program improves the quality and sustainability of Nunavut's housing stock and expands the territory's housing continuum;
3. Partnerships will respect the Inuit Qaujimajatuqangit guiding principles, including:
 - Pijitsirniq (to serve and provide for family and community);
 - Aajiiqatigiinni (arriving at a decision through discussion and consensus);
 - Piliriqatigiinni (working together for a common cause); and,
 - Qanuqtuurniq (being innovative and resourceful).
4. All roles and responsibilities are clearly defined, and the process is open and transparent to the public;
5. Public funds are managed for results and public accountability;
6. All partnerships take into consideration economy, efficiency, and effectiveness; and,
7. Partnerships are administered in a way that is accountable, sustainable, and responsive to the needs of Nunavummiut.

APPLICATION

Eligible applicants to the program include entities and organizations including for-profit, non-profit, and Inuit organizations, who seek to create affordable housing in Nunavut.

DEFINITIONS

Affordable Housing – means modest housing units available for rent or sale within the Affordability Threshold.

Affordability Threshold:

FOR RENT: Units available to tenants at or less than the Supported Rental Rate. The affordability threshold may be adjusted to account for utility costs.

FOR SALE: Modest units built to a Maximum Construction Cost (MCC) that are available to individuals for purchase at an affordable price that shall not exceed Maximum Construction Cost (MCC) + Cost of Land - \$150,000.

Forgivable Loan – means a loan that is forgiven incrementally over a period of years, in accordance with the funding agreement. There is no forgiveness for first five years, with 20% forgiven each year thereafter, for a total term of 10 years.

Proposal – an application for funding under the NHC's Affordable Housing Supply Incentive Program. Proposals must meet the requirements established in this program and any program guidelines established by the NHC.

Housing – means residential accommodation and facilities, common areas and services used directly with the residential accommodation. "Housing" does not include commercial or institutional premises, work camps, social or recreational services, and services or facilities related to mental or physical health care, education, corrections, food services, or social support.

Loan Agreement – the funding agreement which includes clauses to ensure that projects meet the intended objectives of this program and comply with relevant regulations. The Loan Agreement will identify the requirement for the forgivable loan to be registered as a charge against the property.

Maximum Construction Cost (MCC) — of a Modest Home as calculated by NHC. NHC will work to define MCC by community and unit type that are published in the Program Guidelines.

Median Market Rent — By unit type using CMHC's most recent Annual Northern Housing Report adjusted up to the current year by inflation. NHC will develop up-to-date Median Market Rents by community and unit type which will be appended to this Program as it becomes available.

Secondary Suite – means a new self-contained rental unit with its own kitchen and bathroom located on the premises of the owner's primary residence.

REVISED:

DATE OF EXPIRY: December 31, 2028

Supported Rental Rate – Unsupported rent less \$150,000 spread over the term. This figure must remain at a minimum 20% below median market rents by unit type and community.

Unsupported Rent – The rent the applicant would charge to maintain industry standard margins on new construction by type will be validated by NHC’s analysis of the project pro forma.

AUTHORITY AND ACCOUNTABILITY

Executive Council

The Executive Council shall approve program provisions and any exceptions to this program.

Financial Management Board

The Financial Management Board approves an annual budget for contributions contained within this program, as well as expenditures additional to those appropriated in the Main Estimates in the event of unplanned needs.

Nunavut Housing Corporation Board of Directors

The Board of Directors shall approve any program guidelines which may be established according to the parameters outlined in this Program.

ROLES AND RESPONSIBILITIES

Minister

The Minister responsible for the Nunavut Housing Corporation is accountable to Executive Council for the implementation of this Program.

Nunavut Housing Corporation Board of Directors

The Board of Directors has authority to make by-laws to govern its proceedings and provide generally for the conduct of business of the Corporation. Any policies and programs brought forward for Cabinet consideration, must first be approved by the Board.

President/Chief Executive Officer

The President/Chief Executive Officer of the Nunavut Housing Corporation is accountable for the administration of this Program.

Corporate Executive Committee (CEC)

Comprised of the President/CEO and other senior officials they choose to appoint. The CEC will serve as the program’s appeal authority.

Program Directors

The Program Director is responsible for the administration of the affordable housing funding program and may issue calls for proposals. Program Directors have authority to approve up to \$250,000. They may approve or deny all funding applications according to program provisions.

Program Officers

Program Officers process funding applications and ensure that all payments are made in a timely manner.

PROVISIONS

1. Eligibility - Applicant

Entities and all corporate structures (Including for-profit corporations, non-profit organizations, cooperatives, condominiums, Inuit organizations) are eligible for applying for the forgivable loan as set out under the Program. Applicants may access other funding provided by the NHC, as well as other programs offered by the Canada Mortgage and Housing Corporation programs and other sources.

2. Eligibility - Projects

Eligible projects include the construction of a single-family dwelling, secondary suites, residential multiplex, condominium, cooperative, manufactured, modular homes and any other form of residential housing.

Eligible projects must be a self-contained rental unit.

Projects not eligible for this program include licensed facilities such as shelters, long term care facilities, special care homes, and building camps.

All units constructed under this program must be made available to individuals at or better than the Affordability Threshold which is at least 20% below median market rent.

Rent will not include additional fees for services (like internet, cable or storage) in proposed rent for affordable residential rental units (additional fees for services need to be optional).

Rental units may not be rented to corporate entities.

All units constructed must meet or exceed all applicable building codes, and all laws and regulations of all authorities having jurisdiction.

All units constructed must be located within municipal boundaries in Nunavut and connected to the power grid.

All funding proposals must be project specific, meet affordability requirements, with clearly defined timelines for completion.

Applicants must have sufficient established expertise to demonstrate likelihood of project success such as experience, financial and project viability. Evaluation of proposed projects will consider:

- a) Experience and Track Record: Builders and developers will be required to demonstrate a successful track record of similar projects, showing their ability to deliver on time and within budget or have a fixed-price contract with a general contractor with experience building similar projects.
- b) Financial Viability: The financial capacity and stability to ensure they can complete and carry out the project without financial issues.
- c) Project Viability and Feasibility: The proposal must be economically viable and demonstrate its feasibility to be completed successfully.
- d) Capacity to secure Land.

Meeting the eligibility requirements of this program does not guarantee funding approval.

3. Review

Program Officers review all funding proposals and make recommendations to the Program Director.

NHC may set out proposal guidelines or procedures to support the administration of this program.

4. Supporting Data

A completed funding proposal is submitted to the NHC, which includes a detailed description of the project, an outline of the project objectives which demonstrates meeting minimum affordability requirements, the proposed budget (including revenues and expenditures) and a timeline for completion.

NHC will review all financial and legal documentation related to the project, including financial statements, contracts, and agreements, to ensure that they are accurate, complete, and legally binding.

5. Reporting Requirements

All Loan Agreements will include clauses related to reporting and monitoring which are crucial to track the project's progress, ensuring compliance with affordability commitments and requirements and other project milestones.

Builders and developers are required to adhere to specific timelines for project completion and provide annual progress reports, including occupancy. Recipients will need to submit annual reporting to confirm occupancy, tenant eligibility (on turnover) and rental rates for affordable rental units.

The NHC reserves the right to conduct an audit of any project funded through its programs.

6. Amount

\$150,000 per eligible unit of affordable housing for rent or sale.

NHC will terminate the agreement and withdraw from the project and require repayment of the loan if the original objectives are not being met, and default remedies are exhausted.

The program's structure, as an incentive, does not create the possibility of surplus funds. Funds are either forgiven or repaid in the event of overpayment or default.

The NHC's and the Government's liability is limited to the amount of funding authorized and neither will be responsible for any shortfalls or deficits.

Once approved, NHC will issue a formal conditional approval letter to the recipient which can be used to secure the remainder of the financial resources required to carry out the project.

Prior to the issue of payment, funding recipients shall sign a Loan Agreement and have secured the remainder of financial resources required to carry out the project.

Starting from time of permitted occupancy, no forgiveness for first five years, 20% per year for the last five years of the term.

7. Payment Method

The program payment will be paid in a single lump sum once the Loan Agreement has been signed and the financial resources required to carry out the project have been secured.

8. Term

The minimum term for affordable rental units is 10 years.

The minimum term for affordable for sale units is 10 years.

There is no forgiveness for first five years, with 20% forgiven at the end of each of the last five years.

9. Other Requirements

The recipient shall report any amounts owing to the government, under legislation or an agreement. Amounts due to the recipient may be set-off against amounts owing to the government.

All provisions contained in the *Financial Administration Act* and the Government of

Nunavut's *Financial Administration Manual* shall apply to the administration of all Nunavut Housing Corporation funding programs.

Recipients are required to submit and report information in accordance with the terms of the loan agreement.

The recipient shall repay default loans, such amounts constitute debts due to the Government of Nunavut. There will be interest on overdue amounts.

This program is designed to stack with complementary supports which may be accessed from NHC or other funding sources.

The NHC will regularly monitor the implementation and impact of affordable housing programs to ensure their effectiveness and alignment with the goals of this program and the requirements of each program. Periodic adjustments and improvements will be made based on data-driven insights to ensure continuous improvement and effective alignment of affordable housing programs.

Regardless of change in ownership, funded Affordable Housing rental units shall maintain rental rates relative to Median Market Rent that are at or below the same ratio of Supported Rent to Median Market Rent as originally approved.

Funded for sale units cannot be sold for more than the original affordable sale price during the term. NHC shall maintain a right of first refusal to purchase the unit during the term.

Early repayment of a loan does not relieve the recipient of obligations set out in the Loan Agreement.

10. Appeals

The NHC's Corporate Executive Committee will review any appeals made under the Affordable Housing Supply Incentive Program.

Financial resources required under this program are conditional on approval by the Legislative Assembly and/or on the availability of funds in the appropriate budget.

PREROGATIVE OF EXECUTIVE COUNCIL

Nothing in this program shall in any way be construed to limit the prerogative of Executive Council to make decisions or take action respecting affordable housing, outside the provisions of this program.

SUNSET CLAUSE

The Affordable Housing Supply Incentive Program will sunset on December 31, 2028.