

Community Partnership Initiatives

Financing for Affordable Rental Housing

Lending Criteria Guide

BC Housing provides interim and/or arranges long-term financing for non-profit societies to create self-sustaining, affordable housing developments. BC Housing's capacity to provide financing with favourable terms is the cornerstone of the Community Partnership Initiatives program.

General Guidelines for Borrower Eligibility *

- The borrower must be a registered non-profit society.
- The society's constitution and bylaws must meet BC Housing requirements.
- The borrower should have appropriate management experience in operating a housing project of similar type and size.
- The borrower is required to enter into an operating agreement with BC Housing.

Advantages

Flexibility – Non-profit societies can obtain interim and long-term financing up to 100 per cent of the total cost of affordable rental housing projects. There is no fee payable at the outset and any borrowing costs can be included in the loan amount.

Low Interest Rates – BC Housing financing provides access to competitive interest rates.

CMHC Loan Insurance – All long-term financing will have CMHC loan insurance.

Availability – Financing is available from BC Housing for a range of affordable rental housing initiatives, including new construction as well as purchases and conversions.

*BC Housing may require additional guarantees or security in certain cases as it deems appropriate. For more information on our financing requirements, please request a meeting with the Director, Regional Development that is responsible for your community.

Common Terms and Conditions

Loan Purpose	<p>To provide interim and/or arrange long-term financing for the creation of affordable rental housing units for eligible low- and moderate-income households in British Columbia.</p> <p>For residential units with less than two (2) bedrooms, a gross household income that does not exceed the median income for families without children, as determined by BC Housing from time to time based on data provided by Statistics Canada.</p> <p>For residential units with two (2) or more bedrooms, a gross household income that does not exceed the median income for families with children, as determined by BC Housing from time to time based on data provided by Statistics Canada.</p> <p>More information: http://www.bchousing.org/Partners/Opportunities/Current/CPI/FAQ.</p>
Maximum Loan	A loan for the development of an affordable rental housing project may be up to 100 per cent of the total cost to complete construction as determined by BC Housing.
Loan Amortization	The typical amortization period is 35 years.
Minimum Debt Coverage Ratio (DCR)	The minimum debt coverage ratio (DCR) is 1.2 based on market rents or 1.1 based on below market rents.
Source of Equity	Equity can be in the form of cash, grants, municipal contributions, subordinated debt, or land at a discounted cost.
Mortgage Loan Advances	All mortgage loan advances must be supported by substantiated construction progress claims (up to the approved maximum loan amount).
Borrowing Costs	<p>Include:</p> <ul style="list-style-type: none"> • One per cent of maximum loan • \$75 per unit up to a maximum of \$5,000 per loan • Legal and other costs incurred by BC Housing.
Loan Repayment	During construction, the interim loan is fully repayable on demand. At project completion, BC Housing will make arrangements to take-out the interim loan.

Take-Out Lender	Upon project completion, BC Housing will facilitate a take-out mortgage with a third party lender (the Take-Out Lender) to obtain the best interest rate through a competitive bidding and selection process.
Project Monitor	BC Housing may engage a quantity surveyor to retain an independent cost estimate at some, or all of the following project design stages: schematic design, design development, 50 per cent working drawings, and 100 per cent pre-tender working drawings. The quantity surveyor may also be requested to provide loan monitoring services to confirm the contractor's progress claims during construction and provide a value analysis, if required.
Construction Contract	BC Housing will consider construction methods that are the most suitable for the proposed project culminating with a guaranteed fixed price contract (based on Canadian Construction Documents Committee standards) with BC Housing supplementary general conditions.
Bonding Requirements	Fifty per cent on labour and materials and 50 per cent on performance of all major contracts (such as structural, mechanical, electrical, forms and concrete) is required.

For more information about the Community Partnership Initiatives program visit:
www.bchousing.org/Initiatives/Financing/CPI