

# Municipal Infrastructure Lending Program Housing-Related Infrastructure



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HELPING MUNICIPALITIES BUILD STRONGER COMMUNITIES

## PROGRAM OVERVIEW

## Background

- 2009 Federal Budget – Canada’s Economic Action Plan.
- Up to \$2 billion over two years in direct, low-cost loans to municipalities through Canada Mortgage and Housing Corporation (CMHC) for housing-related infrastructure projects in town and cities across the country.
- Can also be used to fund contribution for cost-shared federal infrastructure programs.
  - Note: Rules involving stacking of federal contributions not applicable.

## Program Objectives

- Create jobs.
- Provide low cost funding to assist municipalities.
- Contribute to healthier, safer and modern residential communities for Canadians and their families.

## Eligible Projects

- Municipal housing-related infrastructure projects serving new or existing residential areas.
- Focus on funding shovel-ready projects as this is a short-term, temporary measure to create jobs.
- New construction, expansion or renewal of existing structure.
- Construction work has started on or after January 27, 2009.
- Subject to Canadian Environmental Assessment Act (CEAA).

## Eligible projects would include, for example:

- Housing services such as water, wastewater and solid waste.
- Power generation such as electrical, wind, solar, gas.
- Local transportation within or into residential areas such as roads, bridges and tunnels.
- Residential infrastructure such as sidewalks, lighting, pathways, landscaping and green space.

## Ineligible projects would include, for example:

- Infrastructure unrelated to housing.
- Social infrastructure such as community centres, skating rinks, playground equipment, libraries.
- Tourism related infrastructure such as convention centres and exhibition hall-type facilities.
- Short-Sea infrastructure projects such as specialized marine terminal facilities.
- Intelligent transport systems for fare collection, fleet management, etc.

## Eligible Costs

- Costs related to the planning, designing and construction of the specific project.
- Examples:
  - Amounts paid for the performance of the work covered by the plans and specifications for the project; cost of remediation or decontamination of land for construction of infrastructure; land costs for construction of infrastructure; legal services, materials used in or located on the site; environmental assessment.



## Terms and Conditions - Loans

- Amount may not exceed 100% of eligible costs.
- Term will be 15 years.
- Non-renewable.
- Prepayment not permitted.
- Regular payments of principal and interest must be made annually.
- Loan may be secured by a loan agreement or debenture.

## Terms and Conditions – Loans (Cont'd)

- Interest rate:
  - Will be set two weeks prior to loan advance.
  - Lower than typical municipal borrowing rates.
  - No profit margin built into the rate.
  - Government of Canada 15 years rate plus approximately half a percent.
  - CMHC will provide the latest rate quote from Treasury based on current markets where specifically requested by clients.

## Loan Application

- Municipalities can apply on line by visiting CMHC Website at [www.cmhc.ca/housingactionplan](http://www.cmhc.ca/housingactionplan)
- There are two (2) parts to the application:
  - Application form
  - Supporting documents:
    - Resolution identifying the specific project to be funded and confirming that the project design (prepared by a project engineer/architect/planner) has been approved by the appropriate authorities having jurisdiction;
    - Construction timeline identifying applicable milestones.

## Loan Offer will be subject to:

- Acceptance of the conditions outlined in a loan commitment letter. Examples:
  - Loan term and conditions; joint public information communication protocol; construction work is to start within three (3) months of loan offer.
  - Canadian Environment Assessment Act requirements.
  - Loan agreement / debenture to secure the loan.

## Loan Advancing will be subject to:

- One advance.
- Construction work must be started prior to loan advance.
- All loans must be advanced by March 31, 2011.
- Supporting documents:
  - Resolution indicating project being funded, authority to borrow, financial means to satisfy payment, commitment to build project and stating parties authorized to execute the loan agreement / debenture;
  - Legal opinion that municipality has carried out all necessary steps to authorize the borrowing and expenditures in relation to the project and will be legally bound by the loan agreement/debenture with CMHC.

## Deadlines

- Project Proposals will be accepted until all available funds are committed.
- All loans must be fully advanced by March 31, 2011.
- Construction work must start within a period of three (3) months of CMHC'S commitment letter.
- Loan advancing will be after work commencement.
- All construction work must be completed by March 31, 2012.
- Final projects costs must be confirmed within 6 months following project completion but no later than Sep. 30, 2012.

## Who can apply for loans?

- Loan applications may be submitted by a municipality or any entity with the authority to borrow on behalf of a municipality e.g. province / territory or agency of a province / territory.

## How will projects be selected?

- CMHC will assess applications in consideration of program eligibility, readiness to proceed and availability of funds.
- CMHC will work to encourage applications from both urban and rural municipalities across all provincial / territorial jurisdictions.

## Where can I get more information?

- Visit CMHC Web site [www.cmhc.ca/housingactionplan](http://www.cmhc.ca/housingactionplan).
- Send an email to [milprogram@cmhc.ca](mailto:milprogram@cmhc.ca).
- Call CMHC Call Centre 1-800-668-2642.
- Contact CMHC Corporate Representatives in your area.