



Affaires autochtones  
et du Nord Canada

Indigenous and  
Northern Affairs Canada

# 15<sup>th</sup> Annual First Nations Housing Conference

## Overview Ministerial Loan Guarantee Budget 2016 Housing

### February 09, 2017



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# Agenda – Ministerial Loan Guarantee (MLG)

1. What is a MLG and why it is required?
2. Who is involved?
3. Projects covered by MLGs
4. Application requirements
5. Eligibility criteria
6. Approval process
7. Reporting requirements
8. What happens when the applicant goes into default?





# What is a Ministerial Loan Guarantee?

- A Ministerial Loan Guarantee (MLG) is a tool to assist First Nations in accessing loans for housing on reserve.
- A Ministerial Loan Guarantee acts as an equivalent to collateral for the purpose of securing a housing loan.





# Why is a Ministerial Guarantee Required?

- Reserve lands are held by the Crown for the benefit and use of First Nations, as set out in the *Indian Act*.
- Furthermore, the *Indian Act* (Section 89(1)) prevents the use of land on reserve as security and prevents seizure by a lender.
- These restrictions pose an impediment to Chief and Councils and individuals seeking loan financing such as mortgages for on-reserve housing projects.
- In most instances, financial institutions will not take the risk of providing a housing loan on reserve unless there is a guarantee of payment in the case of default.





## Who is involved?

- Processing a Ministerial Loan Guarantee Application involves the partnering of the following organizations:
  - First Nation
  - Financial institution (lender)
  - Canada Mortgage and Housing Corporation (CMHC)
  - Indigenous and Northern Affairs Canada (INAC)





## Projects Covered by MLG

- Loan financing can be guaranteed by the Minister for the construction, acquisition or renovation of houses on reserve.
- CMHC NHA (*National Housing Act Sec.95*)  
Non-profit Social Housing Program
- NHA (Sec.10) loans for First Nation projects/individual home ownership



# Application Requirements

- Completed MLG application form;
- Band Council Resolution (BCR), signed, dated and with all clauses included;
- Project description for the purpose of an environmental assessment;
- Health Canada private sewage disposal system approved form;
- Site map of project;
- Loan agreement or commitment letter from the lender.



## Eligibility Criteria

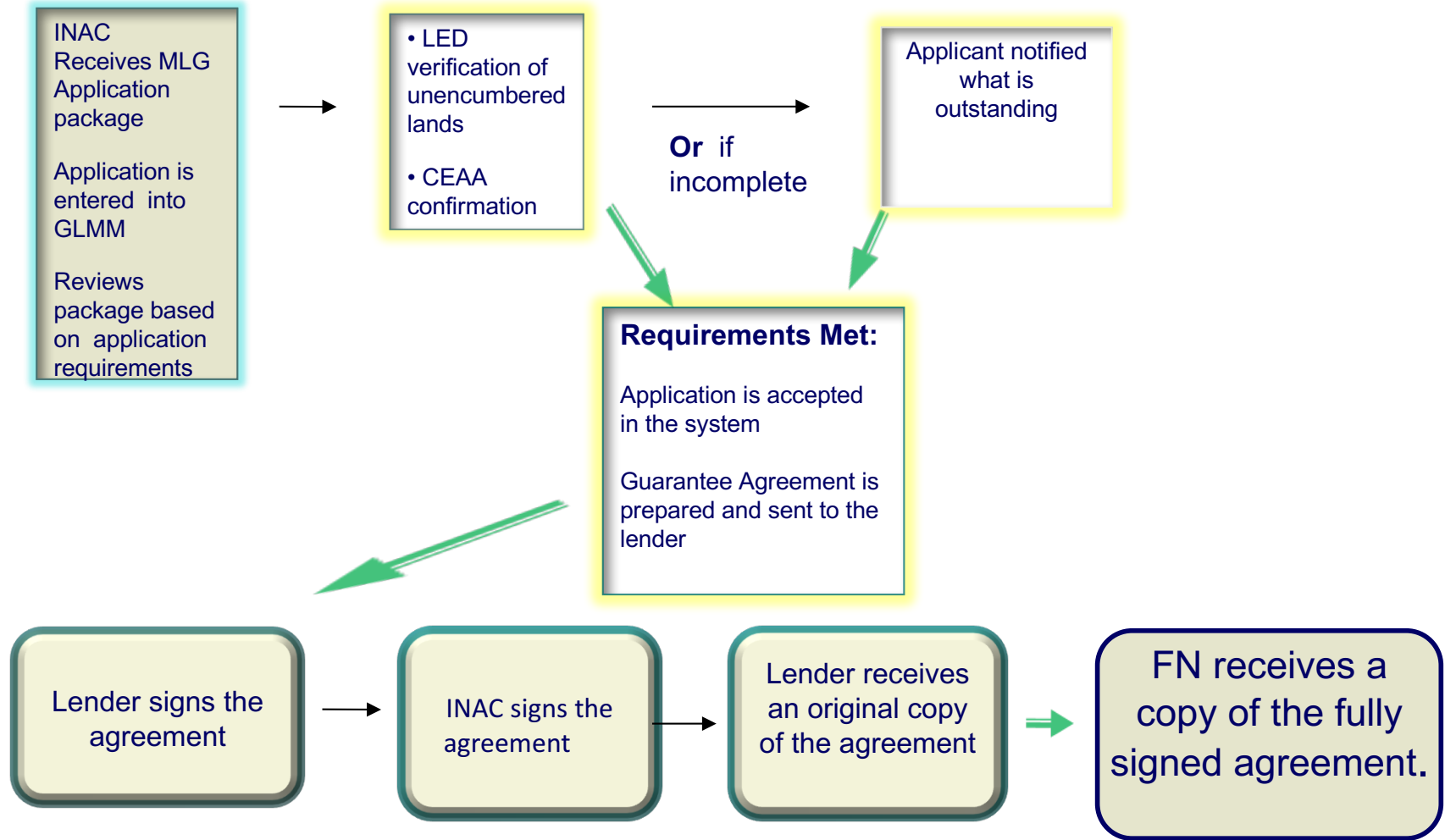
- Land is eligible for MLG: site location is on unencumbered reserve land.
- The First Nation is well-managed and has a satisfactory record of meeting financial obligations as well as a satisfactory record of completing previous housing projects.
- All capital reporting requirements are up-to-date.
- The project meets the *Canadian Environmental Assessment Act* (CEAA) requirements.
- Financial reporting requirements are submitted and accepted by INAC at the initial review stage.







# Approval Process



*Applications take approximately 4-6 weeks once all eligibility criteria have been met*



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## Reporting Requirements

- **Guaranteed Loans and Terms and Conditions Report:** required within 60 days of issuing a new guaranteed loan or within 60 days following the renewal, transfer or assignment of a loan.
- **Notification of a loan default:** required after loan has been in default for 90 days and every 30 days thereafter for 120 days if the loan remains in default.



## Reporting Requirements *cont'd*

- Claim for payment of on-reserve housing guarantee - lender may submit the claim to INAC for the remaining balance of the loan after following the notification of default procedure above.
- Yearly status report of guaranteed loans - required from the lender showing the outstanding balance, principal and interest at March 31 of any given year.





## What happens when the applicant goes into default?

- The lender notifies the borrower, First Nation and INAC of the default within 90 days of missing the mortgage installment and 30 days thereafter for 120 days
- If the loan remains in default for 120 days from the first notice, the lender shall submit a claim to INAC for payment.
- If INAC pays the lender, the loan becomes a First Nation debt owed to the Crown.
- INAC will start the process for recovering these funds from the First Nation in the order below:
  - 1) Recover acceptable security
  - 2) Establish a repayment agreement
  - 3) Withhold from “non-essential” payments made by Canada to the First Nation





# Questions? Comments?





# Budget 2016 Housing 2016-2017

## Agenda

1. Background information
2. Immediate Needs Fund
3. Capacity Development Fund
4. Innovation Fund
5. Reporting and payments





## Background Information

- The Government of Canada is making historic investments of \$8.4 billion over five years to support Indigenous people and communities across the country.
- Of this total, \$554.3 million was committed for on-reserve housing over two years beginning in 2016-2017: \$416.6 million of this total was provided to INAC; \$137.7 was provided to CMHC.





## Immediate Needs Fund

- To date, INAC Ontario Region has approved funding for multi-unit housing construction and associated lot servicing to support the social housing needs of communities in the following amounts:
  - Approximately 298 new housing units at 55 First Nation communities for a budget of \$56,777,169
  - Approximately 257 unit-lot servicing at 37 First Nation communities for a budget of \$4,139,580







## Immediate Needs Fund *cont'd*

- Also in 2016-2017, Ontario Region has approved funding for renovations and additions of approximately 339 units to address overcrowding, improve energy efficiency and meet health and safety requirements in 33 First Nations for a total investment of \$10,841,324.





## Capacity Development Fund

- To support First Nations to increase their capacity to oversee and manage their on-reserve housing.
- Funding for Housing Governance Tools: 24 First Nations for a total investment of approximately \$1,849,111.
- Funding for Housing Management: 46 First Nations for a total budget of approximately \$3,123,527
- Funding for Housing Maintenance: 34 First Nations for a total investment of approximately \$859,540





## Innovation Fund

- To support First Nation communities to develop innovative approaches in housing management and governance models
- Funding for on-reserve Housing Governance Structure/models: 30 First Nations for a total investment of approximately \$1,703,036
- Funding for Alternative Financing Models: seven First Nations for a total budget of approximately \$682,250





# Reporting and payments

- Capital Facilities and Maintenance Program Special Initiatives Report

- Due Dates:

October 31, 2016	July 31, 2017
January 31, 2017	October 31, 2017
April 30, 2017	January 31, 2018

- Inspections
  - Foundation, framing, vapor barrier and installation, final completion
- Payments
  - 40% in advance payment
  - Reimbursement of actuals based on reports and invoices
  - 15% in holdback for final completion

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# Budget 2016 – 2017/2018



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\* Same streams and categories as 2016/2017 21





# Comments? Questions?

