

Canada Greener Affordable Housing (CGAH): Program Highlight Sheet

Overview

The Government of Canada is committed to achieving net-zero emissions by 2050. To do this, buildings must be retrofitted to reduce greenhouse gas (GHG) emissions and increase their climate resilience in an affordable way.

To make this transition more affordable and sustainable, the Canada Greener Affordable Housing (CGAH) program will provide funding to support the completion of deep energy retrofits to existing multi-unit affordable housing (5+ units) that serve low- and moderate-income households and those in greatest need.

Outcomes

To align with the Green Buildings Strategy (GBS) and meet Canada's 2050 climate goals, deep energy retrofits* under the CGAH program must target:

- 70% reduction in energy consumption relative to pre-retrofit performance, and
- 80% reduction in greenhouse gas (GHG) emissions relative to pre-retrofit performance.

**Deep energy retrofits (DER) are defined as an extensive, holistic overhaul of an existing building's envelop and systems which lead to significant improvements in the building's performance through reduced energy consumption and greenhouse gas emissions.*

These energy savings are typically realized through improvements to the building envelope, including insulation and air sealing, and through upgrades to high-efficiency heating, cooling, and hot water systems. In addition to reduced energy and GHG emissions, a successful DER provides benefits to building durability, comfort, and indoor air quality (IAQ).

Important

Before preparing an application, you should [contact your CMHC Housing Solutions Specialist](#) to support you throughout the application process.

CGAH Eligibility

Eligible Applicants

Applicants must have an affordable housing purpose and a proven mandate to provide housing to lower income households or population in need.

- Community housing providers (e.g. non-profit housing organizations, public housing agencies, and rental co-operatives)
- Indigenous Governments and Organizations (including First Nation Bands, Tribal Councils, and Indigenous non-profit housing providers)
- Provincial, Territorial, and Municipal Governments

**Private market housing organizations are ineligible.*

Eligible Property Types

- Mixed income rental or mix-use with affordable rental housing
- Community housing
- Affordable rental housing
- Indigenous community housing and cultural spaces
- Shelters, transitional, and supportive housing
- Single-room occupancy

Note: the non-residential component of the property is not to exceed 30% of total gross floor space.

Eligible Types of Housing

Existing Housing

- The project must be primarily residential
- The project must include a minimum of 5 units or beds
- The project must be of a minimum age:
 - Part 9 buildings of the National Building Code (NBC), such as single detached, duplex, and townhouses must be at least 10 years old.
 - Part 3 buildings of the National Building Code (NBC), such as mid to high rise buildings, low-rise, multi-plex must be at least 20 years old.

Affordability

Eligible projects must meet one of the following affordability criteria:

- The project is mandated to follow a Municipal, Provincial, Territorial, Indigenous Government, or CMHC program affordability criteria.
- The project is mandated to follow other affordability criteria such as rent-geared-to-income, low-income, moderate-income, established income or rent limits/thresholds, or other criteria as accepted by CMHC.

About the Two Canada Greener Affordable Housing Funding Opportunities

CGAH provides eligible proponents with the option to apply to two distinct funding opportunities. While the funding opportunities are unique, both are meant to support the project throughout its energy retrofit journey. To determine which funding to access, you must assess the readiness to complete retrofits and the stage of your project. Please connect with your CMHC Housing Solutions Specialist for further assistance in determining which opportunity is currently right for you.

Pre-Retrofit Funding

Pre-retrofit activities such as an energy audit, energy modelling study, and a recent building condition assessment report must be completed before applying for Retrofit Funding. If you are interested in applying for funding to support the completion of pre-retrofit activities, please review the [Canada Greener Affordable Housing \(CGAH\) – Pre-Retrofit Funding](#) highlights.

Retrofit Funding

If you have completed pre-retrofit activities, have the required documents and reports, and are interested in applying for funding to complete deep energy retrofits, please review the [Canada Greener Affordable Housing \(CGAH\) – Retrofit Funding](#) highlights.

Canada Greener Affordable Housing (CGAH) – Pre-Retrofit Funding

Provides access to funding for activities required to support the preparation of a CGAH Retrofit Funding Application. Applicants applying for CGAH Pre-Retrofit Funding must do so with the intention to complete deep energy retrofits on their multi-unit residential buildings.

Funding

- \$19.5 million in contributions are available through a callout application-based process as detailed on the CGAH website.
- The maximum contribution is \$130,000 per project.
- Funding will be available over 3 years starting in 2023/24.

Eligible Activities

Eligible activities may include, but are not limited to:

- Building Condition Assessment (BCA) Report
- Energy Audit (ASHRAE 3 or equivalent)
- Energy Modelling Study
- Project Drawings and Specifications
- Engineering Studies
- Construction Cost Estimates
- Business Case to demonstrate benefits/impact of the retrofit
- Environmental Site Assessments / Hazardous Materials Report
- Site Surveys

Applicants are encouraged to provide a quote for each eligible Pre-Retrofit Funding activity they are interested in upon application submission. Quotes must include an estimated date the activity can start and finish.

Note: The completion of a Building Condition Assessment (BCA), an Energy Audit (ASHRAE 3 or equivalent), and an Energy Modelling Study are three fundamental activities needed for successful deep energy retrofit planning. If you are not requesting Pre-Retrofit funding for these activities, the reports from these activities must be recent and must meet specific requirements as detailed in the Required Documentation list. They must be submitted at the time of the CGAH Retrofit Funding application.

Advancing

Upon execution of the contribution agreement, funding for CMHC approved pre-retrofit activities will be advanced as follows:

- **First Advance:** CMHC will review approved activities for which quotes were submitted and advance up to 25% of the approved funding amount for the quoted activities.
- **Subsequent Advances:** Funding for approved activities will be disbursed upon receipt of invoices.

Applicants are expected to submit invoices for eligible expenses in the same fiscal year as their approval.

Security Type

No security is required.

Canada Greener Affordable Housing (CGAH) – Retrofit Funding

Provides access to repayable and forgivable loans to support deep energy retrofits of multi-unit residential buildings while maintaining affordability.

Funding

- Up to \$1.1 billion in loans (forgivable and repayable combined) are available through a call out application-based process as detailed on the CGAH website.
- CMHC will fund 100% of eligible retrofit costs, up to \$170,000 per unit (repayable and forgivable loans combined).
- Forgivable loans will be the lesser of:
 - \$85,000 per unit, or
 - Eighty percent (80%) of eligible retrofit costs.
- Fill out the Retrofit Funding Assessment Calculator (available May 2023) and talk to your CMHC Specialist about project eligibility.
- Projected energy savings should contribute to offsetting repayable loan obligations.
- Funding will be available over 4 years starting in 2023/24.

Applications submitted during a given window will be reviewed for eligibility, prioritized (as needed), and underwritten.

Project characteristics such as depth of energy consumption reductions, greenhouse gas emissions reductions, National Housing Strategy priority populations served, and number of units will be used to score applications.

Repayable Loan

- Will be low-interest and can be amortized up to the remaining economic life of the building (40 years maximum).
- The interest rate will be locked in at first advance for a 10-year term. At the end of the initial term, the loan can be renewed, and the rate will be reset and fixed for another 10-year term.
- The loan will be closed to prepayment during the 10-year term.
- Interest-only payments until completion of energy retrofits; and then principal and interest payment for the remainder of terms.

Forgivable Loan

- Will be forgiven over a 10-year term.

Project Eligibility

Energy Efficiency

- A projected reduction in energy consumption, targeting 70% relative to pre-retrofit performance.
- A projected reduction in Greenhouse Gas (GHG) emissions targeting 80%-100% over pre-retrofit performance.

Financial Viability

- Minimum debt coverage ratio (DCR) requirements:

- DCR of 1.00 for residential loan component
- DCR of 1.40 for non-residential loan component

Types of Eligible Retrofits

- Retrofit measures, systems, software and/or equipment related to increasing energy efficiency and decreasing GHG emissions in the unit and/or building.
 - Retrofit measures and technologies must be proven and not experimental.
 - The replaced component(s) should be close to the end of useful life as outlined in the Building Condition Assessment (BCA) report.
- Repair and maintenance that enables or is codependent to the retrofit(s).
- Renewable energy.
 - Energy efficiency measures should be prioritized before renewable energy measures.
 - CMHC must review to assess the suitability of renewable energy measures to the property.
- Climate resiliency measures that enable the building and its tenants to be protected against extreme climate events.
 - Resiliency measures that directly impact energy or GHG emissions reduction should be prioritized first, over resiliency measures that do not have a direct impact to reduce energy or GHG emissions.
 - CMHC must review to assess the suitability of climate resiliency measures to the property.
- Hard costs and soft costs related to the project where such costs are reasonable, prudent, and necessary to advancing the project.
- Closing costs related to the loan.

For all projects, costs must be reviewed and recommended by a recognized professional such as a Professional Quantity Surveyor, Engineer, or Energy Advisor.

For projects in Indigenous, Northern and remote* communities, please connect with your CMHC Housing Solutions Specialist before applying.

Housing in the **North** is defined as communities located in the Yukon, Northwest Territories, or Nunavut.

Remote* areas are defined as communities that are either a long distance from larger settlements (population centres) or lack transportation links that are typical in more populated areas. CMHC will determine whether a project fits the definition of long distance on a case-by-case basis.

Advancing

- The interest rate is fixed and set at the first loan advance for the duration of the 10-year term. At the first advance, a minimum of \$50,000 repayable loan draw is required to lock in the interest rate.
- Subsequent advances will be from the forgivable loan until this amount is fully drawn.
- Advance requests will be processed once invoices are provided, activities are completed, and supporting documentation is received by CMHC.
- To receive the final advance, a post-retrofit assessment is required after the retrofit is completed. This assessment must be completed by a qualified professional and may vary depending on the complexity of the work.
 - It may include supporting documentation to verify and confirm the work was completed within the scope and parameters as approved, updates to the modelling, EnerGuide evaluation, certificate of completion, cost information, etc.
 - An attestation is required to be submitted as a cover letter, signed by a qualified professional, confirming the project is complete and will continue to achieve the projected climate objectives.

Security Type

- Security will be required.
- First, second, and pari passu mortgages are permitted.

Note: In addition to a Ministerial Loan Guarantee (MLG), Canada Mortgage and Housing Corporation (CMHC) is now accepting four additional alternative types of security for projects on First Nation lands.

Monitoring and Verification

Approved projects will be subject to CGAH reporting requirements per the funding agreement.

- Approved projects will be required to benchmark the long-term energy performance of the retrofitted property once the retrofit work is complete using ENERGY STAR Portfolio Manager for the duration of the initial 10-year loan term.
- Approved projects will be required to report actual energy use and associated GHG emissions to CMHC using ENERGY STAR Portfolio Manager at two points in time:
 - One-year post-retrofit
 - 10-years post-retrofit

Note: CMHC may request utility bills to be submitted as proof. Energy modelling analyses may be subject to a random or directed quality assurance review.