

Expanding Your Housing Options

Financing for First Nations Communities



Supporting Investment in Communities

First Nations (Alberta) Technical Services Advisory Group

November 6, 2008

Topics

- Overview
- Access Criteria
- Credit Enhancement
- How the Fund Works
- Capacity Development
- Benefits

About the fund...

- Independent trust launched May 5, 2008
- Designed to support arrangements between First Nations and lenders to expand market-based housing
- \$300 million federal investment
- Intended to leverage \$3 billion in on reserve housing investment across Canada
- Goal is to create 25,000 new homes over 10 years

...about the fund

- New tool to create more on reserve housing
 - Home Ownership
 - Rental
 - Renovation
- Alternate form of security
- Respects communal ownership of reserve lands
- Developed with input from AFN, First Nation communities and organizations across Canada

Why is the Fund needed?

- Increase access to home ownership
- Alternative to status quo
- Promote quality housing
- Expand on existing successful housing models
- Capacity development

What it is not

- Down payment assistance
- A grant
- Providing loans
- Replacing any existing programs

How the Fund supports First Nations

- 10% backstop for housing loans
- Leverage to negotiate with lenders
- Expand existing home ownership programs or develop a new one

Access Criteria

- Based on principles, not rules
- Separated into three main pillars:
 1. Financial Management
 2. Good Governance
 3. Community Commitment and Evidence of Demand for Market-Based Housing

Housing Loan Guarantee Credit and Credit Enhancement

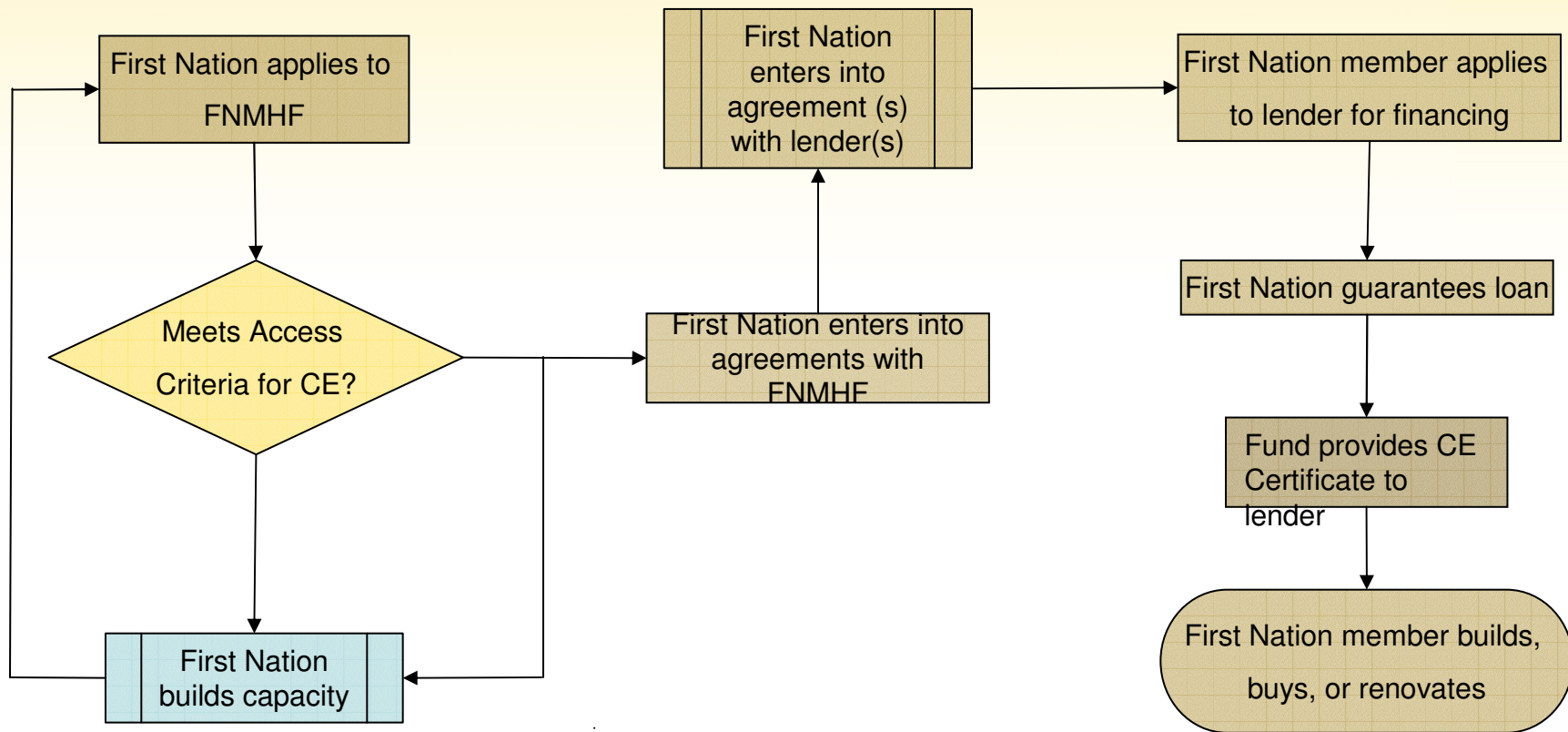
- HLG is amount of borrowing the First Nation can safely support based on lowest of:
 - Expected loan demand over the next 5 years
 - First Nation's financial capacity to guarantee
 - Amount the First Nation is willing to guarantee
- CE provides a financial backstop to a First Nation's housing loan guarantees made to a lender.

What is the outcome?

- Assuming a FN has \$100,000 in financial capacity (cash or other sources of liquidity), this table illustrates the value of housing loans which could be guaranteed by a community as a function of their assessed rating.

Posted Rate* *Examples	Overall Community Rating	
	Strong	Satisfactory
6%	\$6.6M	\$3.0M
8%	\$6.3M	\$2.8M

PROCESS OVERVIEW



What if a First Nation is unable to meet their obligation?

- The lender or insurer will be able to seek reimbursement for a portion of its losses from the Fund.
- If the Fund pays a claim, it will not approve any further credit enhancement in that community until the First Nation reimburses the Fund.

How does a First Nation apply to the Fund?

1. Complete the “Self Assessment for the Credit Enhancement Facility”
2. Complete the “Application for the Credit Enhancement Facility”
3. Gather supporting documentation including:
 - resolution from Chief & Council supporting application
 - 3 years of consolidated audited financial statements
4. Mail application and documentation to our office

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What is the Capacity Development Program?

- Provides support for First Nations that want to use the Fund and meet some criteria but have areas which require strengthening
- The Fund's Capacity Development Program focuses on the three pillars of the Access Criteria.

What types of services will be delivered?

- Developing and implementing housing and finance policies
- Developing land use by-laws, codes, registries, and security of tenure
- Accredited training for staff including administration, housing & land managers
- Home ownership and rental training sessions

How are capacity development needs assessed?

- First Nation performs a self-assessment as part of the application process
- Fund and First Nation will agree upon needs and a development plan
- Whenever possible, delivery will be completed by Aboriginal contractors

Benefits to First Nation

- Attracts private financing to First Nations
- Encourages competition amongst lenders
- Eliminates ties to one source of funding for First Nation guarantees
- Provides choice to First Nation - approved lender(s), types of loans, etc.

Benefits to First Nation

- Expands housing options on reserve
- Complements existing programs
- Supports using housing as engine for economic development
- Independent, long-term support to help a community reach its goals



Thank you

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