



# MEMO

FROM: REGIONAL TRIPARTITE HOUSING COMMITTEE  
 TO: FIRST NATIONS OF QUEBEC AND LABRADOR

## *Subject: First Nations Market Housing Fund Information*

### **Introduction**

In 2007, the Government of Canada announced the investment of \$300 million to create a **First Nations Market Housing Fund (FNMHF)**. The Fund will become operational shortly. This memo is an initiative of the *Regional Tripartite Housing Committee* to inform the First Nations of Quebec and Labrador.

### **What is the FNMHF?**

The FNMHF is not a capital investment or grant program. This Fund will rather act as a guarantee against defaults for lenders who provide loans to First Nations borrowers on reserves. The aim of the Fund is to help First Nations members access loans from financial institutions for the construction, purchase or renovation of homeowner and rental housing, with the exception of social housing.

### **How will the FNMHF work?**

The Fund administrators will qualify each First Nation. The financial guarantee provided by the Fund will be like a line of credit granted to the Council. Once the Fund has been established, lenders will be able to offer housing loans to the residents of the First Nation. When a borrower will fail to repay a loan, the First Nation will step in and remedy the default. However, when both the borrower and the First Nation will be unable to meet their obligations to the lender, then the lender will be able to turn to the Fund to be repaid. First Nations will be free to participate in the FNMHF initiative.

### **Can the FNMHF be used to buy homes?**

The purpose of the FNMHF is to act as a guarantee against defaults for lenders who provide loans to First Nations borrowers to build, buy or renovate homes on reserves, either to live in or to rent to others. It is important to note



that the Fund is not a capital or grant made available to First Nations and cannot serve as equity for the construction, purchase or renovation of homes.

#### **Fund access criteria**

The terms and conditions to access the Fund are not yet known. However, it is expected that the criteria to qualify a First Nation to guarantee housing loans and receive the backing of the Fund will be based on the following principles: sound housing management, adequate financial capacity, sufficient demand, current homeownership support policy, etc.

#### **Will the FNMHF help the communities most in need?**

The Fund will provide backing to First Nations that meet certain criteria. It is also planned that the Fund will work with First Nations who do not meet these criteria to help them strengthen the way they manage their housing and finances so that they can meet the criteria. It should be noted that current ongoing Indian and **Northern Affairs Canada** (INAC) and **Canada Mortgage and Housing** (CMHC) programs and funding will continue.

#### **Issues associated with the opening of the FNMHF**

The First Nations of Quebec and Labrador should monitor the progress of this initiative. Access to individual homeownership is an important issue in the communities. As well, financial support for capacity development, notably for staff training, may be provided when the Fund becomes operational.

## **FIND OUT MORE**

The FNMHF office is not yet up and running, but a certain amount of information is available on the following websites:

[www.ainc-inac.gc.ca/nr/prs/j-a2007/2-2872-bk1-eng.asp](http://www.ainc-inac.gc.ca/nr/prs/j-a2007/2-2872-bk1-eng.asp)

and

[www.cmhc-schl.gc.ca/en/fnmhf/index.cfm](http://www.cmhc-schl.gc.ca/en/fnmhf/index.cfm).

The Regional Tripartite Housing Committee composed of representatives from the **Assembly of First Nations of Quebec and Labrador** (AFNQL), INAC and CMHC wants to inform the First Nations of Quebec and Labrador to help them access the opportunities provided by the FNMHF. This topic will no doubt be on the agenda of an upcoming regional meeting organized by the AFNQL.