

CANADA MORTGAGE AND HOUSING CORPORATION

Assisted Housing Business Supplement

THIRD QUARTER
September 30, 2018

To supplement CMHC's consolidated financial statements, which are prepared in accordance with IFRS, CMHC uses non-IFRS measures to analyze its performance. The following Assisted Housing Business Supplement is prepared for the third quarter ending September 30, 2018, and is intended to help readers better understand CMHC's Assisted Housing activity. CMHC believes that this business supplement provides meaningful information that enables greater transparency and clarity with respect to CMHC's Assisted Housing activity.

HOUSING PROGRAMS EXPENDITURES

| (in thousands) | Three months ended September 2018 | Nine months ended 30 September 2018 |
|---|-----------------------------------|-------------------------------------|
| Assistance for Housing Needs | | |
| Cooperatives Housing | 14,899 | 45,325 |
| Investment in Affordable Housing | 15,922 | 178,166 |
| Limited Dividend | 469 | 2,251 |
| Non Profit Housing | 28,998 | 111,315 |
| On Reserve Housing | 27,840 | 88,219 |
| Public Housing | 42,560 | 128,702 |
| Rent Assistance | 22,490 | 66,950 |
| Transferred Programs (SHA) | 207,344 | 651,485 |
| Rural and Native Housing | 2,018 | 11,540 |
| Urban Native Housing | 4,765 | 26,304 |
| Other | 1,840 | 20,619 |
| Social Infrastructure Fund – Budget 2016** | 1,635 | 405,316 |
| Pyrrhotite* | 0 | 10,000 |
| Total | 370,780 | 1,746,192 |
| Financing for Housing | | |
| Prepayment Flexibility* | 1,858 | 14,850 |
| Rental Construction Financing Initiative | 100 | 1,305 |
| Total | 1,958 | 16,155 |
| Housing Expertise and Capacity Development | | |
| Social Infrastructure Fund (Capacity Development) – Budget 2016 | 0 | 2,060 |
| On Reserve Housing*** | 1,757 | 8,673 |
| Housing Policy, Research and Information Transfer | 687 | 3,672 |
| Total | 2,444 | 14,405 |
| Administration Expenses (Operating Expenses) | 40,433 | 127,969 |
| Total Spending | 415,615 | 1,904,721 |

* Spending authority provided from initiatives announced through Budget 2015, 2016 and 2017.

** SIF (Budget 2016) includes Renovation and Retrofit (CMHC and Province/Territory Delivered), Investments in Affordable housing and On-Reserve Renovation Programs.

*** On Reserve Housing includes Housing Internships for First Nation and Inuit Youth.



HOUSING PROGRAMS HOUSEHOLDS ASSISTED

In 2017, CMHC provided support to 518,000 lower-income households living in social housing (including in First Nations communities).

| Households Assisted (Calendar Year) | 2016 | 2017* |
|--|----------------|----------------|
| Subject to Social Housing Agreement (SHA) | 354,200 | 343,000 |
| Subject to existing arrangements | | |
| First Nation Housing (On Reserve) | 25,600 | 24,300 |
| Affordable Housing (Off Reserve) | 156,300 | 150,700 |
| Total | 536,100 | 518,000 |

*The social housing portfolio is maturing as a result of no new delivery with the exception of the On-Reserve Non-Profit Housing program which is delivered annually.

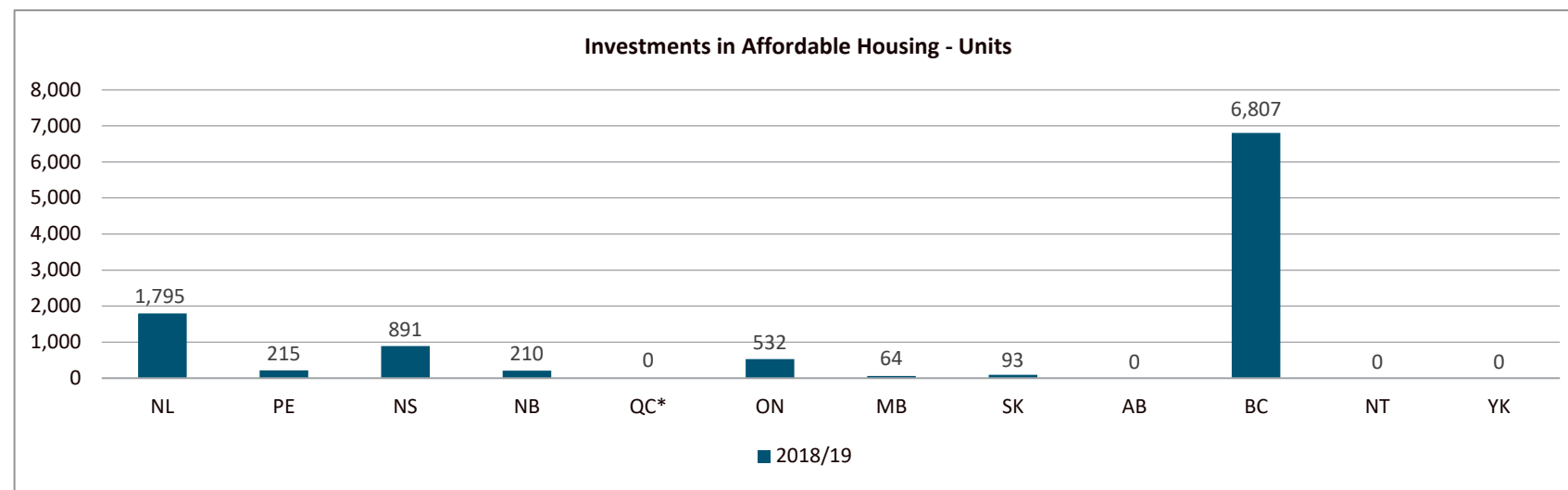
FIRST NATION HOUSING UNITS

From April 1, 2018 to September 30, 2018, 261 units received new funding through the Non-Profit Housing program and Renovation Programs.

| First Nation Housing Programs (Fiscal Year) | 2017/18 | 2018/19 YTD |
|---|---------|-------------|
| Non-Profit Housing | 897 | 132 |
| Renovation Programs | 552 | 129 |
| Renovation and Retrofit (Budget 2016) | 2,417 | n.a. |

INVESTMENTS IN AFFORDABLE HOUSING (IAH) UNITS

From April 1, 2018 to September 30, 2018, over 10,600 households benefitted from the Investment in Affordable Housing funding.



*The number of households no longer in housing need as a result of shelter allowance in 2018/2019 is not included. This information will be included once it has been reported publicly by the Province.

LENDING PORTFOLIO

LOAN PORTFOLIO

| By Program* | 30-Sep-18 | | 31-Dec-17 | | 30-Sep-17 | |
|---|---------------|--------------------------|---------------|--------------------------|---------------|--------------------------|
| | No. of Loans* | O/S Loan Balance (\$M)** | No. of Loans* | O/S Loan Balance (\$M)** | No. of Loans* | O/S Loan Balance (\$M)** |
| Direct Lending Programs | 8,381 | 3,658.4 | 8,630 | 3,955 | 8,747 | 4,079.1 |
| Social Housing | 4,287 | 1,543.8 | 4,013 | 1,582 | 4,414 | 1,814.2 |
| Housing Support | 514 | 1,211.8 | 565 | 1,243 | 600 | 1,410.7 |
| Municipal Infrastructure Lending Program (MILP) | 272 | 1,116.7 | 272 | 1,238 | 272 | 1,278.6 |
| Sewage Treatment Program (STP) | 242 | 95.1 | 293 | 126 | 328 | 132.1 |
| Shelter Enhancement Program | 24 | 7.8 | 75 | 6 | 15 | 5.7 |
| Renovation Programs | 5,254 | 126.9 | 10,233 | 148 | 6,449 | 218.1 |
| Total | 18,460 | 6,548.7 | 23,516 | 7,054 | 20,225 | 7,527.9 |

* The pay down in loans is a result of anticipated maturities and the prepayment initiative.

** The amounts exclude the Rental Construction Financing Initiative (RCFI).

ARREARS REPORT**

| By Program* | 30-Sep-18 | | 30-Sep-18 | | 30-Sep-17 | |
|-------------------------|-------------------------|--------------|-------------------------|--------------|-------------------------|--------------|
| | No. of Loans in Arrears | | No. of Loans in Arrears | | No. of Loans in Arrears | |
| | > 1 day | Arrears Rate | > 90 days | Arrears Rate | > 90 days | Arrears Rate |
| Direct Lending Programs | 45 | 0.41% | 30 | 0.32% | 19 | 0.26% |
| Social Housing | 8 | 0.03% | 3 | 0.03% | 2 | 0.02% |
| Renovation Programs | 0 | 0.00% | 0 | 0.00% | 0 | 0.00% |
| Total | 53 | 0.44% | 33 | 0.34% | 21 | 0.28% |

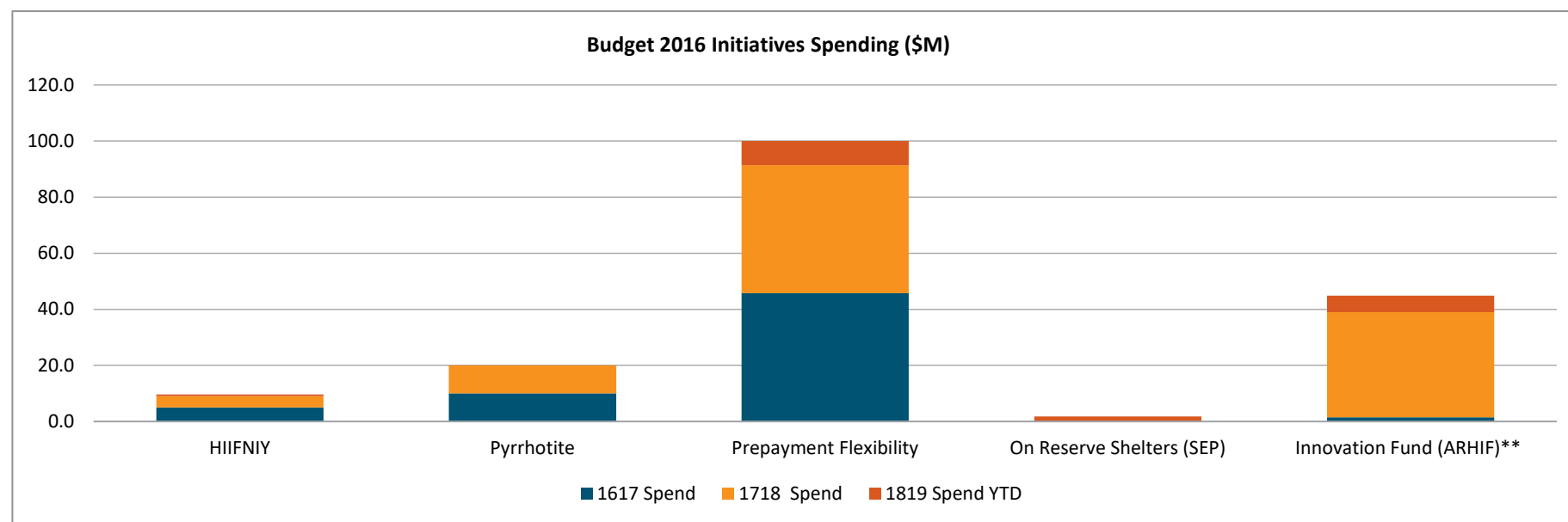
* There were no arrears under the Housing Support programs or the Shelter Enhancement Programs.

**The ratio of all loans that are typically more than 90 days past due to the number of outstanding insured loans.



BUDGET 2016 INITIATIVES

Budget 2016 Social Infrastructure Initiatives were launched successfully and many of the initiatives reached their sunset date on March 31, 2018. CMHC's Housing Internship for First Nations and Inuit Youth (HIIFNIY) program supports internships for indigenous youth by providing work experience and on-the-job training. CMHC also provides up to \$30 million over three years to help homeowners in Québec dealing with costly structural problems in their homes as a result of the presence of the mineral pyrrhotite in their foundations. Up to \$150 million is provided over four years under the Prepayment Flexibility to allow social housing providers (coops and non-profits) to prepay long-term non-renewable CMHC mortgages without penalty. Budget 2016 provided additional investments to improve housing capacity in First Nation communities and create new shelters for victims of family violence. An investment of \$208.3 million is provided over 5 years under the Innovation Fund which encourages new funding models and innovative building techniques in the rental housing market. All figures are reported on a fiscal basis starting April 1 and ending on March 31 and exclude operating expenditures



| Budget Initiatives | 2016/17 Spending (\$M) | 2016/17 Take-Up | 2017/18 Spending (\$M) | 2017/18 Take-up | 2018/19 YTD Spending (\$M) | 2018/19 Take-Up | Units YTD Fiscal (Cumulative) | Cumulative Unit Take-Up (Since 2016-17) | Projects - YTD Fiscal (Cumulative) |
|---|------------------------|-----------------|------------------------|-----------------|----------------------------|-----------------|-------------------------------|---|------------------------------------|
| Housing Internship for First Nations and Inuit Youth* | 5.0 | 100.0% | 4.1 | 100.0% | 0.5 | 10.2% | 1,122 | 92.5% | 564 |
| Pyrrhotite | 10.0 | 100.0% | 10.0 | 100.0% | 0.0 | 0.0% | 305 | 76.3% | 305 |
| Prepayment Flexibility | 45.7 | 91.5% | 45.7 | 91.4% | 8.6 | 34.4% | n/a | n/a | 403 |
| Innovation Fund (ARHIF)** | 1.5 | 15.0% | 37.5 | 53.6% | 5.7 | 8.0% | 7,386 | 184.7% | 14 |
| On-Reserve Shelters (SEP) | 0.0 | 0.0% | 0.0 | 0.0% | 1.8 | 17.3% | 5 | 100.0% | 5 |

* HIIFNIY units represent number of youths employed

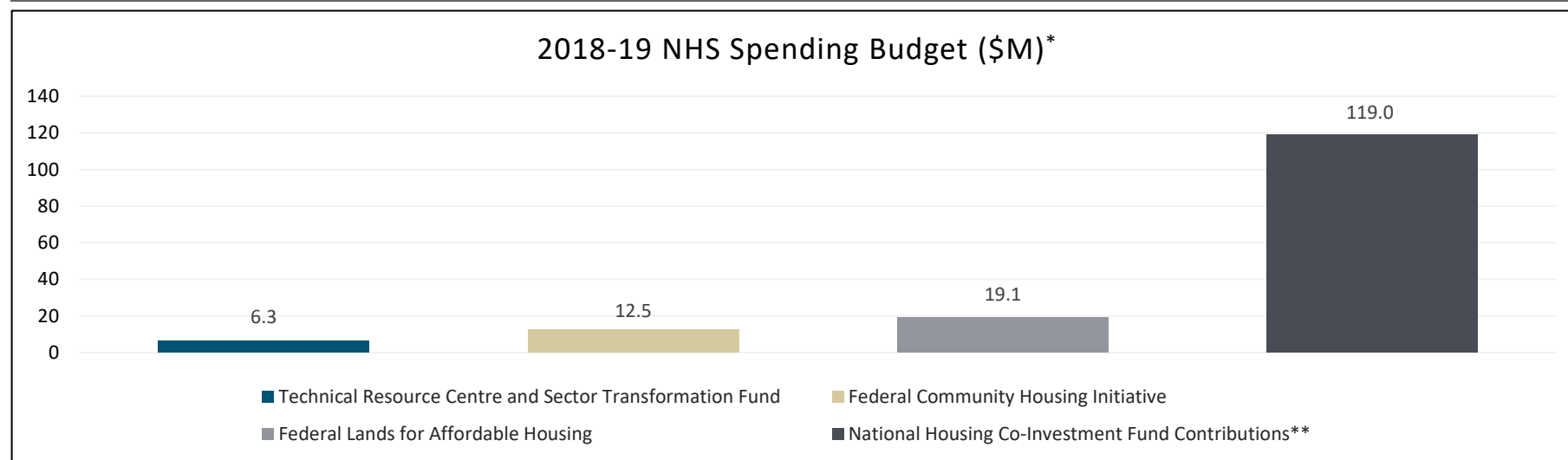
** The Affordable Rental Housing Innovation Fund figures represent commitments made. In addition to the commitment figures in the table which represent signed agreements, there were \$40.5M and \$0.6M reported Letters of Intent (LOIs) in 2017/18 and 2018/19 respectively bringing the combined total amount of commitments since inception to \$85.8M.



NATIONAL HOUSING STRATEGY (NHS)

The implementation of the Budget 2017 National Housing Strategy (NHS) Initiatives is underway which includes a series of initiatives that contributes to reducing core housing need through repairing and maintaining the housing stock, building new affordable housing units and providing housing affordability allowances. The National Housing Co-Investment Fund (NHCF) will provide contributions and low-cost loans focusing on two key priority areas of the National Housing Strategy: new affordable housing supply and the repair and renewal of existing affordable and community housing supply. As of September 30, 2018 the second window of applications have been received for both new construction and repairs/renewals and the prioritization of the applications are underway. The applications from the first window have been selected according to the NHCF criteria of eligibility and the prioritization methodology. Under the Federal Community Housing Initiative, new federal funding will be made available over a two-year period which began on April 1, 2018 to assist projects reaching their end of operating agreement (EOA) date. This funding will provide a temporary extension of subsidies in order to preserve affordability for vulnerable tenants. As of September 30, 2018, subsidy extension offers continue to be mailed out to projects reaching their end of operating agreement (EOA) dates. The Technical Resource Centre and Sector Transformation Fund will provide technical assistance, tools and resources to increase capacity of social housing providers and support a more efficient, resilient and effective sector. The Federal Lands for Affordable Housing initiative makes surplus federal lands and buildings available to housing providers for less than market value for the construction and renewal of affordable housing.

| National Housing Strategy Initiative | Total Budget | Unit Targets |
|--------------------------------------|--------------|---|
| National Housing Co-Investment Fund | 15.9B | At least 60,000 new units At least 240,000 repaired units |
| Federal Lands for Affordable Housing | 200.0M | 4,000 new units |
| PT Priority Funding | 2.2B | National targets to be confirmed through negotiations |
| Federal Community Housing Initiative | 500.0M | 55,000 community housing units that will continue to be offered |
| Technical Resource Centre | 74.2M | Support capacity building, enhancement and modernization |



* Figures exclude operating expenditures

** In addition to the contribution budget, the National Housing Co-Investment Fund has a loan budget of 200.0M in 2018-19.

