Canadian Network of Community Land Trusts

Funding for Residential Acquisition Projects

A Summary of Options for Community Land Trusts

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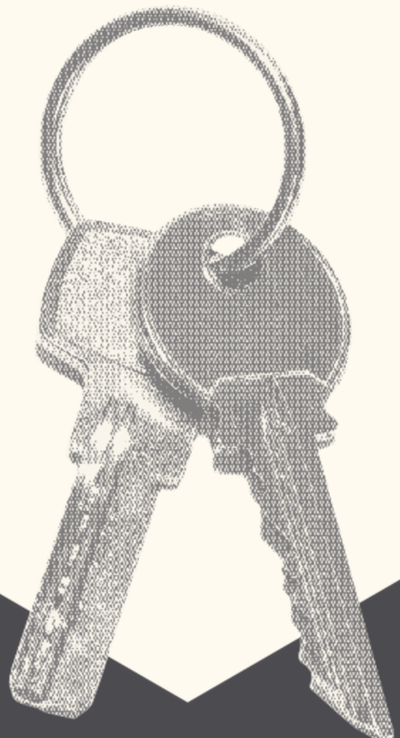

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Introduction - How to use this resource

Many community land trusts (CLTs) in Canada aim to acquire existing rental properties and maintain them as permanently affordable housing. This focus on the preservation of existing housing enables CLTs to combat displacement, maintain neighbourhood stability, and support existing tenants while also growing the CLT’s portfolio of land-based assets.

When CLTs acquire existing rental housing, they usually need to combine funding from a variety of sources. This capital stack (the term for the combination of funding sources going into a capital project) will almost always include at least one source of equity (i.e., cash, like from a grant) and at least one source of debt (i.e., a loan).

This resource provides an overview of the funding sources that CLTs have accessed, or could access, to support the acquisition of existing rental properties. This may not form an exhaustive list; jurisdictions across Canada have been considering introducing their own acquisition funding programs so the funding landscape changes frequently.

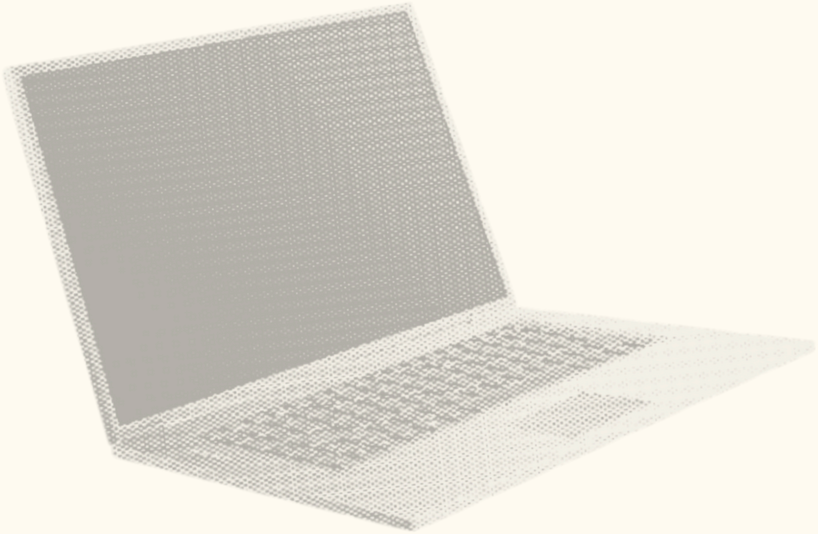


Table 1: Summary of Acquisition Funding by Funding Type

Funding Type	Equity/Debt	Programs/Providers	Notes
Public sector grants	Equity	Halifax's Affordable Housing Grant Program; BC's Rental Protection Fund	Municipalities without a dedicated program may provide ad-hoc funding to acquisition projects
Public sector financing (including forgivable loans)	Debt	Nova Scotia's Community Housing Acquisition Program; Manitoba's Capital Funding Program; City of Toronto's Multi-Unit Residential Acquisition Program	Some programs, like MURA, provide no-interest forgivable loans that may resemble grants but are still technically debt
Mortgage insurance	N/A	MLI Select through CMHC	MLI Select is not a funding program but it does help make financing more accessible
Long-term mortgage financing	Debt	CLTs often borrow from credit unions, like Alterna or Meridian	
Short-term loan/line of credit	Debt	VCIB's Preserve and Protect Guarantee Program	Vendor take-back mortgages are usually a form of short-term loan, although they have unique characteristics
Private foundation grants	Equity	Vancity Community Foundation	Most foundations do not provide grants for capital projects
Community bonds	Debt	No intermediary is needed to issue community bonds; however, several CLTs have worked with Tapestry Community Capital	
Donations	Equity	N/A	Only CLTs with charitable status can issue tax receipts for donations

This table summarizes the types of funding available for acquisitions by CLTs of existing rental properties. Details regarding the information in this table are provided below.

Public Funding for Acquisition

Below, we summarize existing programs provided by the public sector that CLTs may be able to access to support acquisitions. The public sector, particularly municipalities, may also provide funding for projects on an ad-hoc basis - for example, by allocating community benefits funds to acquisition projects.

Table 2: Summary of Public Acquisition Funding Programs

Program	Level of Government	Funding Type	APS required to qualify?[1]	CLT Examples
Canada Rental Protection Fund	Federal	Grant & loan	Unclear - details not yet released	N/A
British Columbia's Rental Protection Fund	Provincial	Grant	No - multi-stage process	CLT BC
Manitoba's Capital Funding Program	Provincial	Forgivable loan	Yes	N/A
Nova Scotia's Community Housing Acquisition Program	Provincial	Loan	Yes	N/A
Nova Scotia's Community Housing Capital Fund	Provincial	Grant	Yes	N/A
HRM's Affordable Housing Grant Program	Municipal	Grant	Unclear	N/A
City of Toronto's Multi-Unit Residential Acquisition Program	Municipal	Forgivable loan	No - multi-stage process	Neighbourhood Land Trust

Note: The table above includes existing/announced programs; ad-hoc funding and inactive programs are not included, and MLI Select Mortgage Insurance is also excluded.

[1] Some programs require applicants to have already secured an Agreement of Purchase of Sale (APS) to qualify for grants or loans; others enable applicants to "pre-qualify," with a shorter application stage when a suitable property is identified.

Where no acquisition funding program exists, it may be worthwhile to work with your municipal or provincial government to explore the possibility for ad-hoc funding and to advocate for the creation of acquisition funding programs (see this guide from the Ontario Nonprofit Network for help with advocating for acquisition funding).

Federal

Canada Rental Protection Fund

In April 2024, the Government of Canada announced that the Canada Rental Protection Fund would be created to enable non-profits to acquire and protect affordable housing. The announcement specified that the Fund would provide $1 billion in loans and $470 million in contributions. As of January 2025, no further details about this program have been released.

MLI Select Mortgage Insurance

MLI Select is not a funding program, but it can help CLTs secure viable financing for acquisition projects. MLI Select is a form of mortgage insurance offered by the Canada Mortgage and Housing Corporation (CMHC). Eligibility for MLI Select is based on affordability, energy efficiency, and accessibility criteria.

By providing MLI Select mortgage insurance, CMHC protects the mortgage lender in case of default, effectively lowering the risk your lender is taking. The borrower therefore receives more favourable loan terms, including a lower interest rate and a longer amortization period.

When it comes to acquisition projects, it is unlikely your CLT will be able to access MLI Select in time to carry out the initial purchase, given the program's application process and the likelihood that you will complete the initial purchase using a short-term loan. In most cases, the CLT will apply for MLI Select within their first year or ownership, which often enables them to convert a short-term loan to a long-term mortgage.

Provincial

British Columbia - Rental Protection Fund

BC's Rental Protection Fund (RPF) was launched in 2023 with the purpose of providing one-time capital grants to support the purchase of existing, occupied rental buildings by non-profits and co-ops. The Province of BC's initial investment in the program was $500 million.

The Rental Protection Fund's Board of Directors is comprised of the CEOs of BC Non-Profit Housing Association, the Co-operative Housing Federation of BC, and Aboriginal Housing Management Association. Funding recommendations are made by the RPF's Investment Advisory Committee.

Under the RPF, non-profits are pre-approved based on an initial application that assesses readiness for acquisition. In particular, the Stage 1 application asks about organizational capacity, experience, and financial readiness. Funding priorities include goal alignment, efficient use of RPF resources, the applicant's organizational and financial capacity, and the applicant's ability to secure financing to carry out the acquisition. Single-room occupancy hotels (SROs) are not eligible for RPF funds.

Once applicants are pre-approved, they seek out appropriate properties to acquire. They then submit a Stage 2 application, which involves high-level information about the chosen property, at which point the RPF will verify that the property of interest meets the Fund's criteria. If approved, the applicant then submits a detailed formal acquisition proposal (Stage 3), which includes due diligence and financing materials.

Manitoba - Capital Funding Program

In 2024, the Province of Manitoba made $30 million available through their Capital Funding Program (CFP), with the goal of increasing the supply of social or affordable housing and addressing chronic homelessness. Eligible projects include the acquisition, renovation, or development of new social or affordable housing units.

This program offers up to $70,000 in forgivable loans per eligible unit. The program is intended to fill funding gaps and stack with other funding sources. All eligible projects should include support services for tenants, with a focus on housing for those who have been homeless or are at risk of homelessness. All units funded must be rented to tenants who meet the Province's Affordable Housing Rental Income Limits at provincially mandated rates with a plan to continue meeting these criteria for at least 20 years. An Agreement of Purchase and Sale is required for eligibility.

Nova Scotia - Community Housing Acquisition Program

The Province of Nova Scotia's Community Housing Acquisition Program (CHAP) provides loans to non-profits and co-operatives of up to 95% the total cost of acquiring a multi-unit residential property, to a maximum of $10 million per property. Loans are available at a fixed rate and may be amortized over a maximum of 30 years.

Eligible properties must have at least five units or private rooms; rooming houses are eligible. At least 30% of units in a project must be provided below the Average Market Rent for the duration of the loan.

Applicants must provide a detailed acquisition proposal; due diligence activities (including an appraisal, a Building Condition Assessment, and a Phase I Environmental Site Assessment) need to have already been completed, and an Agreement of Purchase and Sale (APS) must have been secured, prior to applying.

Applications are accepted and reviewed on a rolling basis; the Department of Municipal Affairs and Housing estimates that it will take 6-8 weeks to review applications, which will generally mean it is feasible to be approved within a three-month due diligence period.

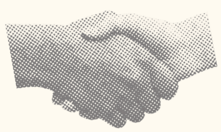
Nova Scotia - Community Housing Capital Fund

The Community Housing Capital Fund (CHCF) was established in 2024 by the Government of Nova Scotia in partnership with the Community Housing Transformation Centre, with a total of $3.5 million in funding available. The aim of the CHCF is to enable the acquisition of existing rental buildings by community housing organizations. The CHCF is also designed to help organizations obtain financing through the Community Housing Acquisition Program (CHAP).

Funding is provided in the form of one-time capital grants. Eligible properties must have at least five self-contained units (or private rooms, in the case of rooming houses), and they must be “at risk of significant rent increase or redevelopment.” As with CHAP, at least 30% of units must be rented at or below Average Market Rent; however, properties that are currently vacant may also be eligible.

The Fund has a two-stage application process. Applicants go through a pre-qualification application process that focuses on organizational capacity, expertise, and acquisition preparedness. Successfully pre-qualified organizations then submit a subsequent application with details on the selected property, including an appraisal, a Building Condition Assessment, and a Phase I Environmental Site Assessment.

Applications are accepted on a rolling basis as of December 2024; the current listed end of the program is March 31, 2026.



Municipal

Halifax Regional Municipality - Affordable Housing Grant Program

The Halifax Regional Municipality (HRM)’s Affordable Housing Grant Program (AHGP) is a grant program open to non-profits to support development, renovation, or purchase of affordable housing units within the HRM. There is an annual call for applications; the 2024 application deadline was December 2.

There are four separate streams, one of which is for the acquisition of buildings, housing units, or properties for affordable housing. There is no stated minimum or maximum funding amount.

Based on public records, to date one acquisition project has been funded through the AHGP: the purchase of a 6-unit apartment building in Dartmouth by Dartmouth Non-Profit Housing Society, which was awarded $300,000.

City of Toronto - Multi-Unit Residential Acquisition Program

The City of Toronto's Multi-Unit Residential Acquisition (MURA) Program was approved in November 2021, following a successful rooming house pilot project. The MURA Program provides forgivable loans to community-based organizations to acquire, protect, and preserve existing affordable rental housing within the City of Toronto. Since its launch, there has been an annual call for proposals; the 2024 deadline was September 19.

Eligible recipients include non-profit housing providers, Indigenous housing providers, non-profit housing co-operatives, and community land trusts. 20% of total MURA funding is earmarked to go towards Indigenous housing providers.

Funding can be used to acquire private market rental housing, including apartment buildings and multi-tenant housing; as of 2024, new condominium units are also eligible for MURA funding. Apartment buildings are eligible for up to $200,000 per unit. Multi-tenant houses (i.e. rooming houses) are eligible for up to $150,000 per dwelling room. A maximum of $12 million will be provided per building.

MURA is designed to be compatible with the fast-paced process of making an offer and closing on a property listed for sale. As a result, the program operates a two-stage application process. Successful applicants are pre-approved for a given amount of funding, and they then have 12 months to secure an eligible property and submit a business case with property details. Successful applicants can receive advance funds to cover planning and due diligence costs, as well as funds to cover the deposit on a chosen property.

City of Montreal - Municipal Right of First Refusal

The City of Montreal has recognized the importance of acquiring existing rental properties as part of their *Chantier Montreal abordable* plan; they have provided funding for rental housing acquisition to a number of non-profits. It is not clear whether or not there is currently an established funding program that is accepting applications, or whether funding is provided on an ad-hoc basis.

Relatedly, the City of Montreal has a by-law that enables the municipality to exercise the Right of First Refusal to acquire specified rental properties as they become available. The City has applied this by-law to 350+ properties, meaning that the by-law will kick-in when/if the identified properties are put up for sale and if funding is available, the City will purchase the properties.

In most cases, the City will maintain ownership of the properties while providing long-term leases to appropriate non-profit organizations to operate the rental units. As of 2023, the City had allocated $10 million annually for acquisition through this program.

On the non-residential side, the City offers a subsidy for social economy businesses to acquire or retrofit a building, with up to $400,000 in funding for as much as 40% of acquisitions costs. The subsidy is paid out upon presentation of the deed of sale. It is not clear if this program has supported the acquisition of affordable housing either directly or indirectly through the acquisition of mixed-use buildings.

Non-Public Acquisition Funding Options

Long-Term Mortgage Financing

In areas where public acquisition financing is not available, CLTs will typically seek a long-term mortgage from a financial institution. Many CLTs choose to bank with, and seek loans from, credit unions and socially-minded institutions like Alterna, Vancity Community Investment Bank, and Meridian Credit Union. The interest rates provided by financial institutions will typically be higher than those the public sector can offer, and the amortization period will typically be shorter.

Line-of-Credit & Short-Term Loan

CLTs acquiring existing rental properties often secure a line of credit or other form of short-term loan that enables them to make the initial purchase. These loans can later be converted to long-term financing, as described above. The benefit of a short-term loan for acquisition is that the process of securing the loan might be less onerous, making it easier to secure the loan within the short timeline usually associated with real estate transactions. These short-term loans might be provided by the public or private sector, or even by private individuals; most commonly, CLTs secure short-term loans from financial institutions.

One example of short-term loans for acquisitions is the Vancity Community Investment Bank's (VCIB) Preserve and Protect Guarantee Program, which was created to provide flexible and responsive financing for non-profits acquiring existing rental housing. This program has been accessed by the Neighbourhood Land Trust and Ottawa Community Land Trust.

Vendor Take-Back Mortgage

A vendor take-back mortgage (VTB) is a mortgage where the seller lends money to the buyer to purchase their property. A VTB is usually used where the buyer cannot qualify for a mortgage to cover the full purchase price; the VTB is therefore a smaller loan than the primary mortgage and the VTB is typically the second lien (i.e., the primary mortgage holder would be paid back first in case the borrower defaults).

The terms of VTB mortgages are typically shorter (1 to 5 years), and the interest rates will generally be higher than those associated with long-term mortgages, as a reflection of the higher risk for the lender.

Vendors may choose to offer VTBs to incentivize buyers, to defer taxes owed, or to close the gap between a traditional mortgage and the desired purchase price. In some cases, VTBs can enable important acquisitions that might not otherwise be possible - for example, Kensington Market Community Land Trust secured a VTB mortgage for their first acquisition in order to fill a small gap in their financing. However, it is important for CLTs to consider the risks associated with VTB mortgages, including higher interest rates and the additional control this arrangement can give the seller.

Donations & Grants

CLTs, especially those in areas without public sector acquisition funding, may seek donations and grants to close the gap between the cost of an acquisition and the financing they are seeking. Even generous public sector financing programs will typically require the non-profit to contribute their own equity, generally at least 5% of the total acquisition cost. Donations and grants can help make up this 5%.

Some CLTs choose to become registered charities to incentivize donations, but it is important to be aware of the limitations on the actions of charities and the use of charitable funds (more in this guide). Non-profit CLTs that are not charities may also solicit donations, but they cannot provide tax receipts for these donations. Nonetheless, a CLT with deep ties to its community may be able to fundraise a considerable amount that can be leveraged to access financing for an acquisition.

Similarly, CLTs may apply for grants from foundations and other non-public sources to support acquisitions. However, it is important to note that most private foundations exclude capital projects from eligible grant activities. Foundation grants are more commonly used for pre-acquisition planning and organizational development activities, such as conducting a needs assessment, carrying out community engagement activities, or developing a business plan for future acquisitions.

Community Bonds

Community bonds are a social finance tool that enables community members to invest in projects that deliver social good. Those who purchase community bonds are paid back according to specific terms set by the organization; the organization will usually offer different options to suit different levels of investment and desired returns.

Some CLTs - including Ottawa Community Land Trust and Kensington Market Community Land Trust - have issued community bonds to provide flexible financing for acquisition projects. The benefit of community bonds as opposed to other financing sources is that the funds can be deployed quickly and flexibly (in line with the bond's terms), enabling the CLT to make an offer and close on a property in a short period of time. In addition, having community members as investors can enable the community to share in the success of your CLT; but, on the flip side, community members are also exposed to investment-related risk.

As with other private financing, community bonds will typically come with higher interest rates than public financing. In addition, running a community bond campaign comes with a large administrative burden for your CLT, and the financial modelling involved with community bonds is complicated. Most groups will work with an intermediary, like Tapestry Community Capital, to support the bond raise, but the CLT will still need to invest significant time and resources into the project.

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