



Preconstruction and Infrastructure Fund to Support Housing

Program Guidelines

Regional Development Corporation
October 2023

Purpose

In New Brunswick, non-profits and small communities often lack the experience, expertise, and fiscal capacity required to advance and successfully complete housing developments.

In order to advance housing developments, the **Preconstruction and Infrastructure Fund to Support Housing** makes available \$22.5 million per year through two specific streams: preconstruction funding, and small community housing infrastructure funding. The purpose of each stream is to help advance housing developments by providing financial support for preconstruction work, and building or enhancing infrastructure to support housing development in small communities, respectively. **These investments will create the conditions to increase the number of housing developments in the province and create more safe and affordable housing for New Brunswickers.**

To further support this work, the provincial and federal governments have supported the Housing Hub of New Brunswick (Housing Hub) to assist housing development in rural areas and small communities. The Housing Hub provides expertise and a coordinated approach to support advancing housing developments from feasibility and early planning stages, the securing of necessary financing, and through to the completion of construction.

Eligible funding applications will be evaluated based on the alignment and contribution of the housing development or infrastructure outcomes to one or more of New Brunswick's targets identified in the [NB Housing Strategy: Housing for All](#).

Preconstruction funding stream

Preconstruction funding is available to support upfront project work necessary to demonstrate the viability of a proposed housing development and to secure financing for the construction and operation phases.

Objectives

- **Increase viability**

Alleviate the up-front costs of housing developments and reduce the barriers for non-profit housing providers to start upfront project work.

- **Increase supply**

Create the conditions to increase the number of housing developments in the province and create more safe and affordable housing for New Brunswickers.

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- **Increase accessibility**

Support housing developments that provide affordable options for lower income, workforce, newcomers, students, seniors, and persons with disabilities, including barrier free designs.

Eligibility

Planning and preconstruction funding is available to:

- Not-for-profit incorporated organizations;
- Municipalities;
- Regional Service Commissions; and
- First Nations.

Eligible Expenditures

Eligible expenditures include costs associated with the following:

- Housing needs assessments;
- Feasibility studies;
- Business plans;
- Preliminary engineering and architectural reports and associated costs; and
- Other preconstruction expenditures deemed reasonable and necessary for the successful implementation of the housing development.

Ineligible Expenditures

- The following expenditures are **not eligible** for funding:
- Cost of land or any interest therein;
- Reduction of deficits or the retirement of debts;
- Financing charges and interest costs;
- Operating costs including wages and salaries;
- Fundraising campaigns;
- Taxes for which the recipient is eligible for a tax rebate and all other expenditures eligible for rebates;
- Hospitality expenses (for example, alcoholic beverages, meals and gifts);
- Travel, except travel that is directly related to the project, and reimbursement is limited to the Government of New Brunswick (GNB) travel policies;

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- Funding to any organization that has not complied with the terms of any previous contribution agreement;
- Activities that primarily serve the membership or purposes of religious or political organizations.
- Legal fees, except legal fees approved in advance and deemed necessary to the project by RDC;
- In-kind contributions, including volunteer labour and donations; and
- Infrastructure and capital assets.

Small Community Housing Infrastructure Funding Stream

Small Community Housing Infrastructure funding is available to small communities with a population of less than 25,000 to assist with the costs associated with building or enhancing existing infrastructure to service new housing developments (e.g., water, wastewater, roads, etc.).

Objectives

- **Increase supply**
Support housing developments in small communities throughout New Brunswick.
- **Increase viability**
Alleviate the cost of core infrastructure projects required for housing developments, where the business case for the housing development is otherwise not viable.

Eligibility

Small Community Housing Infrastructure funding is available to:

- Municipalities with less than 25,000 residents;
- First Nations;
- Other not-for-profit organizations providing infrastructure necessary to enable housing development;

Note: Infrastructure funding will be provided to the owner of the asset.

Eligible Expenditures

Eligible expenditures include project costs associated with the following:

- Capital construction of new core infrastructure (e.g., water, wastewater, roads, etc.) that directly support the construction of new housing developments.

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- Upgrades to existing core infrastructure (e.g., water, wastewater, roads, etc.) that directly support the construction of new housing developments.

Ineligible Expenditures

The following expenditures are **not eligible** for funding:

- Cost of land or any interest therein;
- Reduction of deficits or the retirement of debts;
- Financing charges and interest costs;
- Support of operating costs including wages and salaries (except in cases of a pilot project);
- Fundraising campaigns;
- Taxes for which the recipient is eligible for a tax rebate and all other expenditures eligible for rebates;
- Hospitality expenses (for example, alcoholic beverages, meals and gifts);
- Travel, except travel that is directly related to the project, and reimbursement is limited to the Government of New Brunswick (GNB) travel policies;
- Funding to any organization that has not complied with the terms of any previous contribution agreement;
- Activities that primarily serve the membership or purposes of religious or political organizations.
- Legal fees, except legal fees approved in advance and deemed necessary to the project by RDC; and
- In-kind contributions, including volunteer labour and donations.

Assessment

Applications will be evaluated against the following eligibility and assessment criteria:

Project benefits

- Proposed project benefits, and their value to the province / region / community. If the project involves for-profit development, the need for government funding must be clearly explained.

Project viability

- Likelihood that the proposed project can be realized / completed as proposed.

Project sustainability

- Likelihood that the project or the intended effects of the project can be maintained once it has been completed.

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Applicant viability

- State of the operational and financial stability of the applicant.

Applicant capacity

- Management and financial capacity of the client to cover costs associated with the delivery of the project.

Alignment with NB Housing Strategy

- Alignment with the Guiding Principles, Goals and Targets identified in the NB Housing Strategy: Housing for All, included in Appendix A.

All applications submitted for assessment are subject to regulatory requirements and to the Government of New Brunswick's Duty to Consult with First Nations policy where applicable.

The amount of detail and supporting evidence to be provided in an application will be relative to the size, complexity and funding amount requested. Due to limited resources, not all projects meeting eligibility criteria will be approved.

Application Process

- Applications for funding can be submitted directly to the Regional Development Corporation via email at RDC-SDR@gnb.ca.
- Applications must include a business case detailing all relevant information required in the eligibility and assessment criteria. RDC will follow up with the applicant as required to obtain or clarify information to complete the Assessment.
- RDC will obtain a sector review from the appropriate departments. Projects will be approved by the President of RDC.
- Any projects that require major investments over \$500,000 will be submitted to Executive Council for approval.

The Housing Hub is available to help potential recipients to apply for funding and advance housing developments in small communities through all stages, from feasibility and early planning stages, through to completion of construction.

Funding Contribution

RDC may assist in the form of a non-repayable contribution of up to 75% towards eligible expenditures, and up to 90 % under extenuating circumstances.

Preference may be given to projects that include a financial contribution from the applicant and/or have secured funding through other sources.

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Funding is subject to a provincial appropriation for the fiscal year in which the payment is to be made. RDC may reduce or cancel funding that has not been committed if the provincial appropriation is reduced by the Legislative Assembly during the term of this funding program.

Payment Procedures

Payments will be provided on a reimbursement basis. To receive payments, recipients must provide:

- A signed, completed claim form (provided by RDC), including copies of all pertinent documentation relating to the eligible expenditures being submitted, including invoices and proof of payments.
- Payments will be made by direct deposit only.
- For planning and preconstruction funding, the final disbursement will be retained until RDC reporting requirements are met.
- For small community infrastructure for housing funding, a 5 % holdback will be retained until RDC reporting requirements are met.

Reporting Requirements

Recipients are required to provide a project closure report (including the final report for planning and preconstruction projects), which must include project outcomes, as agreed by the recipient and RDC in the signed contribution agreement.

APPENDIX A: NB Housing Strategy Vision, Guiding Principles, Goals and Targets

VISION

Safe and affordable housing for all

GUIDING PRINCIPLES

- Innovative solutions that will transform the housing sector and increase supply
- Strong partnerships between all departments, all levels of government and the private and non-profit sectors to ensure successful and measurable outcomes
- Accountability and transparency in reporting the outcomes of the strategy's implementation
- Continued evolution: implement, measure and adjust

GOALS

- Create conditions to develop 6,000 new homes per year
- Reduce the percentage of NB households that spend more than 30 per cent of their income on housing
- Help low-income New Brunswickers stay in their current housing
- Reduce the waitlist for subsidized housing by 3,000 households
- Contribute to the development of 220 homes over three years in small communities to help meet growing workforce needs
- Increase the number of skilled trades for residential construction by seven per cent per year
- Incentivize the creation of new student housing units
- Increase housing options for seniors and those with accessibility needs

TARGETS

The strategic initiatives are designed to work together to achieve our housing targets.

- Increase housing starts with a target of 6,000 per year. This would be equivalent to building another City of Fredericton in eight years. In 2022, the province experienced record development with 4,680 new starts.
- Reduce the percentage of NB households spending more than 30 per cent of income on shelter costs to less than 15 per cent.
- Create conditions to hold annual rent increases at an average of 2.5 per cent and the percentage change in average home prices to 4.8 per cent.
- Decrease the number of households in need of subsidized housing to 7,500 by 2026 from the current waitlist of more than 11,000.