

Rapid Housing Initiative - Highlight Sheet



Rapid Housing Initiative



OVERVIEW

The Rapid Housing Initiative (RHI) provides funding to expedite the delivery of affordable housing units to people and populations who are vulnerable and targeted under the National Housing Strategy (NHS). The initial RHI investment will support the construction of more than 4,700 units across Canada, thanks to the support of provincial, territorial and municipal governments as well as Indigenous governing bodies.

The RHI takes a human rights-based approach to housing, serving people experiencing homelessness or at risk of homelessness and others who are among the most vulnerable, including: women and children fleeing domestic violence, seniors, young adults, Indigenous peoples, people with disabilities, people dealing with mental health and addiction issues, veterans, LGBTQ2+, racialized groups, Black Canadians, and recent immigrants or refugees.

OUTCOMES

The initiative provides:

- An additional \$1.5 billion for the Rapid Housing Initiative in 2021-22 to address the urgent housing needs of Canadians who are vulnerable by providing them with adequate affordable housing in short order.
- New funding that will add a minimum of 4,500 new permanent affordable units to Canada's housing supply.
- At least 25 per cent of this funding will go towards projects for women and/or women and their children, and investments will be made to ensure geographical representation across the country.
- Housing availability within 12-months and affordability for a minimum of 20 years.

FUNDING

On the Cities and Projects Streams

Cities Stream (\$500 million): Funding was allocated to 30 pre-determined cities. These cities were notified of their allocation upfront and given a minimum of 60 days to submit proposed projects through CMHC's online portal.

Projects Stream (\$1 billion): Only eligible applicants with projects that were not (fully) funded during the first round of RHI will be given the opportunity to revise and resubmit their original applications through CMHC's online portal will remain open for a minimum of 60 days.

Before revising project applications, applicants are encouraged to discuss the best options for their project(s) with their CMHC Specialist.

Purpose of Funding

Eligible recipients will receive funding for one of three eligible forms of housing listed below:

New Construction:

- Support the new construction of multi-unit rental projects, which includes the acquisition of the land. Any form of new construction beyond modular* will be accepted if the units can be delivered in 12 months.

***Modular** is defined as housing units which are partially or fully built in off-site (*e.g., a factory, warehouse, or similar facility*) by a qualified manufacturer and delivered to the site in whole or in part and installed on an appropriately zoned and serviced lot. This may range between single, scattered units up to larger multi-unit housing projects.

Conversions/Rehabilitations:

- Support the acquisition and conversion of a non-residential building to an affordable rental project.
- Support the acquisition of an existing building in state of disrepair or abandoned for the purpose of rehabilitation where units were previously lost from the housing stock.

Properties that require evictions of tenants are not eligible for funding under the RHI.

Application-based Process

RHI delivers funding under two streams. The applicants for both streams will submit their application through the portal.

Where a proposed project can no longer be completed, the applicant will have the option to replace their project with one that can be delivered within the 12-month timeline.

CMHC will reassess updated applications according to the Application Scoring Grid that has been updated from round one of RHI and prioritize applications based on program criteria.

Eligibility and Criteria

Property Type and Size requirements

- Standard rental, transitional, permanent supportive housing, single room occupancy and seniors housing (excludes delivery of healthcare)
- Must have a minimum of five units or beds*
- Minimum contribution request of \$1M*
- Primary use is residential
- Permanent housing (long-term tenancy, 3 months or more)

*with possible exceptions made for Northern, Indigenous or remote projects.

Eligibility Requirements

Eligible Applicants:

Only applicants with eligible applications kept on file from the first round of RHI will be considered. This includes:

- Municipal, Provincial, and Territorial Governments
- Indigenous governing bodies and organizations
- Non-profit organizations

Property Management Experience:

- Non-profit and Indigenous Organization applicants must have a minimum of 5 years demonstrated experience operating a housing project of similar type and size as the proposed project with similar tenancy (in lieu, a formal property management contract with a professional third-party firm or alternate as approved by CMHC).

Construction Management Experience:

- Non-profit and Indigenous Organization applicants must have successfully completed within the last 5 years a similar project on time and within budget. Alternatively, recipients must enter a fixed price contract with a general contractor who has experience building projects of similar size, cost, building form and construction type in the same market area. Proponents must have a demonstrated ability to withstand unexpected increases in construction cost.

For newly formed groups, alternate covenants, collateral and mitigation may be considered.

Mandatory Minimum Requirements

Expediency

Applicants will be required to achieve building occupancy within 12 months of the date of the contribution agreement.

To recognize the increased difficulty in delivering units within 12 months in areas such as the North and for those in geographic locations having special access (e.g., fly-in, winter road, barge) applicants will be given 18 months to complete their projects.

Financial Viability

All projects are expected to maintain financial viability for the 20 years of the contribution agreement. Non-government entities which do not have confirmed sources of government subsidies will be asked to demonstrate their capacity to support units without additional sources of financial support.

Affordability

All units must serve and be affordable (household is paying less than 30% of gross income on housing costs or the shelter component of any provincial or territorial income assistance as an equivalent) to targeted people and populations who are vulnerable and who are, or otherwise would be in severe housing need* or people experiencing or at imminent risk of homelessness** as described below.

Affordability must be maintained for a minimum of 20 years.

***A household in severe housing need** pays 50% or more for their current dwelling, and is a subset of core housing need households. A household is said to be in core housing need if its housing falls below at least one of the adequacy, affordability or suitability standards and it would have to spend 30% or more of its total before-tax income to pay the median rent of alternative local housing that is acceptable (meets all three housing standards).

****Homelessness** is described as the situation of an individual, family or community without stable, safe, permanent, appropriate housing, or the immediate prospect, means and ability of acquiring it.

Population at imminent risk of homelessness is defined as individuals or families whose current housing situation will end in the near future (e.g., within 2 months) and for whom no subsequent residence has been established.

Accessibility and Energy Efficiency

Cities Stream:

New construction projects are expected to meet a minimum accessibility of 5 per cent or more above the local accessibility requirements in their jurisdiction and 5 per cent or more above the energy efficiency standards as set out in the 2015 National Energy Code for Buildings or meet the local/regional standard, whichever is highest.

Projects Stream:

New construction projects that exceed the local accessibility requirements in their jurisdiction and the energy efficiency standards as set out in the 2015 National Energy Code for Buildings or local/regional standard will be given greater priority.

Target Populations

All affordable units must be targeted to people and populations who are vulnerable, especially people experiencing or at risk of homelessness. In the case of the National Housing Strategy, priority vulnerable groups are currently defined to include:

- Homeless people or those at risk of homelessness
- Women and their children fleeing domestic violence
- Black Canadians
- Indigenous peoples
- Racialized groups
- Seniors
- Young adults
- People with disabilities
- People dealing with mental health and addiction issues
- Veterans
- LGBTQ2+
- Recent immigrants or refugees

PRIORITIZATION CRITERIA – PROJECTS STREAM

Applications deemed ready will be prioritized based on the below criteria in addition to other considerations such as projects targeting women and/or women and their children and geographic representation.

Prior to selecting applications, for funding CMHC will undertake a review of the applicant’s performance under other agreements it may have entered with CMHC under another initiative. Should there be concerns related to compliance or other risks identified, CMHC may choose not to proceed with funding the application.

In addition to meeting mandatory minimum requirements, the RHI will further prioritize projects based on the following criteria:

1. Need:

- In addition to the criteria below, CMHC will prioritize applications based on the level of need in the market where the project is located. CMHC will determine this score using market data to measure the severity of housing need in each market. Housing need is determined based on the total population in severe housing need in Canada as a percentage of that population located per Census Metropolitan Area/Census Area.

2. Duration of Confirmed Subsidy/Confirmation of Financial Self-Sufficiency:

- Confirmation of subsidy by a Municipality/Province, Territory or Indigenous governing body to ensure the long-term viability of the project. Alternatively, non-profits can also demonstrate the capacity to support units without a government subsidy.

3. Cost Sharing/Support from Another Order of Government:

- Funding or waivers that lower the construction budget and/or funding required from the RHI. Support can be provided in a form such as, but not limited to, grants, contributions, concessions on property taxes and/or concessions on levies, waiver of development cost charges or other provincial/municipal fees, waiver of community amenity contributions, land donation, etc.

Loan components are not considered eligible for calculating cost sharing.

4. **Expediency:**

- Project is completed and/or available for occupancy earlier than the minimum requirement of 12 months.
- Completion timelines adjusted for projects located in the North and special access (e.g., fly-in, winter road) up to 18 months to accommodate barriers in delivery.

5. **Land Status:**

- The land is secured.

6. **Duration of Affordability:**

- Projects that provide a duration of affordability going beyond the minimum 20-year affordability period.

7. **Energy Efficiency:**

- New construction projects that exceed the energy efficiency standards as set out in the *2015 National Energy Code for Buildings* or local/regional standard whichever is higher.

8. **Accessibility:**

- New construction projects that exceed the local accessibility requirements in their jurisdiction.

9. **People or Populations Who Are Vulnerable:**

- CMHC continues to prioritize the needs of the most vulnerable populations as outlined in the NHS, as well as those affected by the COVID-19 pandemic. We will work with applicants to ensure that RHI achieves the greatest impact for these groups, especially Indigenous peoples, Black Canadians and women and/or women and their children.

Please consult with your **CMHC Client Solutions Specialist** to discuss your project.

Advancing

Cities Stream:

- Following CMHC's review of proposed projects, the full contribution will be advanced.

Projects Stream:

- For government entities, the RHI will advance the full contribution once both CMHC and the government sign the contribution agreement.
- For non-profits, CMHC will undertake construction advances based on work in place confirmed by a quantity surveyor or alternate consultant having the necessary experience (approved by CMHC).

Security Type

The contribution will be unsecured unless security is deemed necessary by CMHC, at its sole discretion.

Reserve Requirements

None required unless deemed necessary by CMHC, at its sole discretion.

Documentation Requirements

Refer to [RHI Documentation Requirements List](#).

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