



Rapid Housing Initiative



OVERVIEW

The Rapid Housing Initiative (RHI) provides funding to facilitate the rapid construction of new permanent affordable housing units for people and populations who are vulnerable and prioritized under the National Housing Strategy (NHS). The RHI takes a human rights-based approach to housing, with a focus on those in severe housing need and those experiencing or at risk of homelessness.

This initiative was originally announced on September 21, 2020, with a budget of \$1 billion. Round 2 was announced on June 30, 2021, for an additional \$1.5 billion. To date, over 10,000 affordable housing units have been funded. Through Budget 2022, the Government of Canada is investing an additional \$1.5 billion over two years, starting in 2022–23, to extend the Rapid Housing Initiative.

OUTCOMES

Round 3 of the initiative provides:

- A budget of \$1.5 billion for the Rapid Housing Initiative in 2022–24 to address the urgent housing needs of vulnerable people and populations in Canada by creating safe and affordable housing.
- This new funding is expected to add 4,500 new affordable units to Canada's housing supply, with at least 25 per cent of funding going towards women-focused housing projects.

FUNDING

Cities Stream

\$500 million is allocated under the Cities Stream to pre-determined municipalities based on the number of renters in severe housing need and an effort to maximize geographical distribution.

Projects Stream

\$1 billion is available under the Projects Stream via an open application-based process.

CMHC will contribute up to 100% of capital contribution funding to cover eligible residential project costs.

Projects that have started construction prior to August 30, 2022, are not eligible. Start of construction refers to a project that has incurred hard costs relating to the physical construction of the building, such as pouring of foundation for new construction (or start of off-site work for modular construction) and start of physical conversion or rehabilitation of the building.

RHI funding cannot replace prior funding commitments (e.g., executed loan/contribution agreements) that would otherwise see a project through to completion and will not cover cost overruns.

RHI funding cannot be used to cover cost increases, overruns or any expenses related to Round 1 or 2 of this initiative.

ELIGIBILITY CRITERIA

Eligible Applicants

- Provincial, territorial, and municipal governments
- Indigenous governing bodies and organizations
- Non-profit organizations

Eligible Types of Housing

New Construction

- RHI funding will support the new construction of single, scattered units up to larger multi-unit rental projects, which can include the acquisition of land. Traditional construction methods and modular housing will be accepted if the units can be delivered within the timelines that apply to the projects' location.

Traditional Construction refers to construction techniques (for example: wood-frame, steel frame, concrete, etc.) in which the work and construction activities are primarily performed on site.

Modular Housing units are defined as housing units which are partially or fully built off-site (for example: a factory, warehouse, or similar facility) by a qualified manufacturer and delivered to the site in whole or in parts and installed on an appropriately zoned and serviced lot. This may range from single, scattered units up to larger multi-unit housing projects. The modular housing units are expected to meet code compliance for permanent year-round occupancy of the authority having jurisdiction.

Conversions/Rehabilitations

- RHI funding will support the acquisition of land and buildings for the purpose of conversion of non-residential to affordable housing.
- RHI funding will support the acquisition of land and buildings in disrepair or abandoned, for the rehabilitation to affordable housing. Rehabilitation of units is defined as units that are in disrepair and/or abandoned, and in both cases are uninhabitable or have been lost from the housing stock.

Properties being acquired for the purpose of rehabilitating units that would otherwise be lost from the housing stock due to their state of disrepair must be vacant at the time of application in order to be considered for RHI funding. Renovictions and/or any other circumstance involving the eviction of existing tenants are not eligible under RHI.

Eligible Property Types

- Standard rental
- Transitional housing
- Permanent supportive housing
- Single room occupancy
- Seniors housing (excludes delivery of healthcare)

Minimum Project Requirements

- Located in Canada
- Available for year-round occupancy
- Long term tenancy (3 months or more)
- Primary use is residential
- For rehabilitation funding, the project must be vacant, uninhabitable, and lost from the housing stock
- Minimum of five units or beds* (units and beds are interchangeable and are based on project type)
- Minimum contribution request of \$1M*

*Flexibilities are supported for projects in Indigenous communities, the North, rural, remote, or special access communities.

Housing in **the North** is defined as communities located in the Yukon, Northwest Territories, or Nunavut.

Rural areas include all land lying outside population centres and the people living within those rural areas. A population centre is defined as an area with a population of at least 1,000 and a density of 400 or more people per square kilometre.

Remote* areas are defined as communities that are either a long distance from larger settlements (population centres) or lack transportation links that are typical in more populated areas. CMHC will determine whether a project fits the definition of long distance on a case-by-case basis.

Special Access* is defined as a community that lacks transportation links that are typical in more populated areas, that has no year-round road access, or which can only be accessed by water or air transportation. These can include one or more of the following: Winter-road, barge, marine, fly-ins, and/or rail access.

*For remote and special access communities that identify construction challenges, please discuss with your CMHC Housing Solutions Specialist before preparing an application.

Project Eligibility

Affordability

All units must serve and be affordable (household is paying less than 30% of their before-tax 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 also, or otherwise would be, in severe housing need or people experiencing or at imminent risk of homelessness.

Affordability must be maintained for a minimum of 20 years.

A **household in severe housing need** is a subset of core housing need where a household pays 50% or more of their before-tax income for their current dwelling. 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.

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

Target Populations

All affordable units must be dedicated to people and populations who are vulnerable and targeted under the National Housing Strategy (NHS), who are in severe housing need and experiencing or at risk of homelessness. These groups include:

- Women and their children fleeing violence
- Seniors
- Young adults
- Indigenous peoples
- People with disabilities
- People dealing with mental health and addiction issues
- Veterans
- LGBTQ2+
- Racialized groups, including Black Canadians
- Recent immigrants, especially refugees
- People experiencing homelessness

Expediency

Recipients are expected to deliver completed units within 18 months (within 24 months for those in the North, or in remote or special access communities).

Energy Efficiency

New construction projects through the Cities Stream must meet the energy efficiency standards set out in the National Energy Code for Buildings (NECB) or National Building Code (NBC), as it applies below:

- Part 3 of 2017 NECB for buildings larger than 600m² in total area or greater than 3 stories in height.
- Part 9 of 2015 NBC for buildings less than 600m² in total and 3 stories or less in height.

For Projects Stream, see Prioritization Criteria section below.

Accessibility

New construction projects through the Cities Stream must exceed the local accessibility requirements in their jurisdiction by at least 5%.

For Projects Stream, see Prioritization Criteria section below.

Housing Operations/Property Management Experience

Non-profits and Indigenous organizations (not wholly owned by another level of government) must have been registered as a non-profit for a minimum of five years and provide a minimum of five years demonstrated experience operating a housing project of similar size, scope, and tenancy. CMHC reserves the right to determine if tenancy is considered similar.

CMHC will allow applicants to enter into a formal property management contract with a professional third party to oversee the maintenance of the assets.

Construction and Development/Modular Manufacturer Experience

Non-profit and Indigenous organizations (not wholly owned by another level of government) must be prepared to enter into a fixed price contract with a construction company/general contractor/modular manufacturer who has a minimum of five years demonstrated experience building projects of similar type, size, and scope in the same market.

Financial Viability

Non-profits and Indigenous organizations (not wholly owned by another level of government) must provide confirmation from a government source that operating and/or program/support subsidies have been secured to support the project's long-term viability. Additionally, those that will be self-subsidizing any portion of their project are required to demonstrate the financial capacity to do so, as well as the ability to withstand unexpected cost increases/overruns.

PRIORITIZATION CRITERIA

Once the minimum mandatory requirements have been met, RHI Projects Stream applications will be prioritized based on the following criteria:

1. Need

To be validated by CMHC

2. Duration of confirmed operating subsidy

Projects will be prioritized based on length of confirmed operating subsidy from a Province, Territory, Municipality, or Indigenous governing body.

Non-profits or Indigenous organizations (not wholly owned by another level of government) that meet RHI criteria to self-subsidize, will be prioritized accordingly.

3. Cost Sharing

To maximize the outcomes of RHI, projects with cost sharing will earn additional scoring.

Cost sharing 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, etc.

Loan components are not considered eligible for calculating cost sharing and are not an eligible source of funding under RHI.

Eligible costs for cost sharing must have been incurred and paid on, or after April 1, 2020.

4. Expediency

Projects will be prioritized based on expediency of occupancy and completion if earlier than the mandatory requirement of 18 months.

For projects located in the North, or in remote or special access communities, prioritization will be based on expediency of occupancy and completion if earlier than the mandatory requirement of 24 months.

5. Land Status

Projects will be prioritized based on land status (whether land has been secured), which recognizes the applicants' readiness to deliver units rapidly.

6. Duration of Affordability

Projects will be prioritized based on duration of affordability beyond the minimum 20-year requirement.

7. Energy Efficiency

New construction projects will be prioritized for exceeding the energy efficiency standards set out in the National Energy Code for Buildings (NECB) or National Building Code (NBC), as it applies below:

- Part 3 of 2017 NECB for buildings larger than 600m² in total area or greater than 3 stories in height.
- Part 9 of 2015 NBC for buildings less than 600m² in total and 3 stories or less in height.

8. Accessibility

New construction projects will be prioritized for exceeding the minimum local/regional accessibility requirements in their jurisdiction (by percentage of additional accessible units).

9. People or populations who are vulnerable

CMHC will prioritize projects that support our stated objectives with respect to targeting people and populations that are vulnerable, including units that are dedicated to women and/or women and their children, Indigenous peoples, and Black Canadians.

10. Applicants who have not received prior RHI funding

This prioritization category provides additional scoring to applicants that have not previously benefitted from RHI funding as a recipient or beneficiary.

ADDITIONAL INFORMATION

Application Window

The application window will be open for approximately 90 days. Applications and all required documentation must be submitted via the CMHC online portal. Incomplete applications and those received after the window closes will not be accepted.

The review period will take place after the application window closes (for a period of approximately 90 days).

CMHC reserves the right to enter into contribution agreements prior to the end of the review period. The number of applications selected will depend on the quality of each application and the amount of funding being requested by those prioritized for funding.

Security

The contribution agreement will be unsecured unless security is deemed necessary at CMHC's sole discretion. Projects are not permitted to carry any debt during the full term of the agreement with CMHC as this can impact the affordability of the units and the people and population groups being served.

Reserve Requirements

None required unless deemed necessary at CMHC's sole discretion.

Advancing

Projects Stream

- For provinces, territories, municipalities, Indigenous governing bodies, and organizations that are wholly owned by another level of government, the full contribution will be advanced once the contribution agreement has been signed.
- For Non-Profits and Indigenous organizations (not wholly owned by another level of government), CMHC will release funds through construction draws based on work in place.

Cost Overruns

Recipients are fully responsible for cost increases and cost overruns. CMHC will not cover any increases in costs. Recipients are responsible for ensuring budgets are adequate and inclusive of appropriate contingencies.

Administration and Reporting

Selected projects will be subject to RHI reporting requirements per the contribution agreement.

Reporting will take place quarterly until project completion, and annually for the full term of the agreement.

Reporting will confirm all agreed upon terms, including all deliverables and outcomes as outlined in the contribution agreement.

All applicants should review the following documents before preparing an application. These are available at cmhc.ca/RapidHousing

- Product Highlight Sheet
- Documentation Requirements List (Projects Stream only)
- Applicant Guide

Please ensure you have an assigned CMHC Housing Solutions Specialist to support you during the application process.

Please visit the NHS progress page at [Place to Call Home](https://www.placetocallhome.ca)¹ for updates on recently completed projects funded through the Rapid Housing Initiative.

¹ <https://www.placetocallhome.ca>

