

**RAPID HOUSING INITIATIVE (RHI)
QUESTIONS AND ANSWERS
FOR MUNICIPALITIES UNDER THE CITIES STREAM**

Q1. Is the allocation provided to municipalities under the Cities Stream a forgivable loan? Does it need to be repaid?

A1. The funding provided under the RHI is a capital contribution. It does not need to be repaid provided the terms of the agreement are met.

Q2. How long will it take to receive funding under each individual funding stream?

A2. Municipalities selected under the Cities Stream have been informed of their allocation and minimum expected number of units. By August 31st 2021, Municipalities will propose projects for their allocation through CMHC's online portal for review and approval by CMHC (you can access the Applicant Guide [here](#)). Review of projects will take place within 45 days following the close of the application window. Once projects are approved, they will be included in the contribution agreement. Funding will flow directly to municipalities following the execution of a contribution agreement.

Q3. What are the affordability requirements of RHI?

A3. 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 income assistance program 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 high risk of homelessness as described below. Affordability must be maintained for a minimum of 20 years. The Municipality will be required to confirm, through an attestation, that all units serve the intended targeted population. CMHC may require incremental validation throughout the 20-year affordability period as needed.

A household in severe housing need is a subset of core housing need households that pays 50% or more 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.

A Municipality who has already adopted its own definitions for 'severe core housing need', 'homelessness' or at 'risk of homelessness' may, with approval of CMHC, apply such definitions.

Q4. Who are the people and populations who are vulnerable targeted by RHI?

A4.

- 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;
- Recent immigrants or refugees; and
- Homeless people or those at risk of homelessness.

Overall, 25% of funding will be used to create projects or units targeting women and/or women and their children to ensure they are appropriately housed. As well, CMHC continues to ask that municipalities work with Indigenous-led organizations to target 15 per cent of funding for urban Indigenous peoples.

Q5. How can my city show that 25% of funding is creating projects targeting woman and/or women and their children?

A5. CMHC will measure this 25% requirement on a portfolio basis by calculating the percentage of units targeting women and applying that same percentage to the total allocation.

Units are considered to be targeting women and/or women and their children if they are:
1) specifically dedicated to women and/or women and their children in that the units are only available to women and/or women and their children. (ex. Second stage housing); or
2) either committed to women and/or women and their children or that are intended for women and/or women and their children but will not remain vacant if not rented to women and/or women and their children. Cities can make this commitment and demonstrate its feasibility based on historical data or on waitlist demographic data.

For the purpose of their portal applications, Cities are expected to submit the number of units targeting women and/or women and their children in each project and reasonably attempt to maintain this distribution. Cities will be permitted to redistribute these units among the buildings in the portfolio, provided they are maintaining the total number of units agreed to.

Q6. What types of projects will be funded?

A6.

New Construction:

- Support the new construction of a multi-unit rental projects, which includes the acquisition of the land. Traditional construction methods or modular will be accepted if the units can be delivered in 12 months.

Conversions/Rehabilitations:

- Acquisition of land and buildings for the purpose of conversion of non-residential to affordable multi-residential.
- Acquisition of land and buildings in disrepair or abandoned for the rehabilitation to affordable multi-residential where rehabilitation of units is defined as units that were in disrepair and/or abandoned and in both cases had been inhabitable and lost to the housing stock.
- Properties being acquired for the purpose of rehabilitating units that would otherwise be lost to 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.

Construction must be completed within 12 months of Agreement. For clarity, construction, conversion and rehabilitation costs are included in addition to the acquisition of land and buildings.

Q7. What other expenses are eligible under RHI?

A7. Costs related to the pre-development, pre-construction (e.g. environmental site assessments, cost consultant reports, permits, architectural or engineering reports, legal/closing costs related to acquisition of land and buildings) will be eligible as part of an application to develop permanent affordable housing. RHI funding cannot be used to cover operational expenses. Eligible costs will be considered from October 27, 2020 onward.

Expenses listed above are only eligible if they form part of the construction costs of units eligible under RHI. CMHC will not fund costs related to non-residential space. Costs related to infrastructure must be for expenses within the boundaries of the project land. Costs outside of the project land are not eligible for RHI.

Q8. If a municipality has been selected to receive funding but does not think it can deliver within the allotted timelines, can it opt out of the Initiative?

A8. Yes, if a municipality does not wish to receive its allocation under the Cities Stream, it can opt out of the initiative. In such cases, the allocation will be reallocated to other municipalities within the Cities Stream or in the Project Stream.

Q9. How were the municipalities and funding allocations determined for the Cities Stream?

A9. Cities are at the front line of the COVID-19 pandemic and the housing crisis. Given the successful approach to deliver funding directly to municipalities during the first round of the RHI, the number of cities allocated funding was expanded from 15 to 30 for the second round. The top 26 municipalities were selected based on highest number of renters in severe housing need according to 2016 Census data, and Whitehorse, Yellowknife, Iqaluit and St. John's were added for regional coverage. The allocation methodology provides each municipality with a base of \$5 million to ensure sufficient resources to create at least one impactful project. The remaining funding was allocated to the top 26 municipalities according to their level of severe housing need and indexed to the average cost per unit for each city to account for varying market realities across the country. As a result of the \$5 million base, removing the PIT count and 15 additional municipalities, the allocation for RHI 1 municipalities is different under RHI 2.

Q10. How were the per unit funding allocations determined for the Cities Stream?

A10. CMHC cost per unit estimates were based on the typical cost for a supportive housing unit in Canada (\$350,000) weighted according to the relative observed per-door-cost in local markets from CMHC's administrative data and Federation of Canadian Municipalities data. This was used as guideline to set targets. CMHC is aware of the current pressure caused by rising construction costs and that there may be unique circumstances resulting in higher per unit costs. Municipalities are responsible for developing and submitting estimates for their projects and are encouraged to factor in any added considerations such as potential cost increases, and contingencies when submitting applications. Municipalities are also encouraged to engage early with their City Lead where available opportunities for projects do not align with the expected number of units.

Q11. What if a Municipality does not deliver or manage housing?

A11. Municipalities can appoint intermediaries (non-profits or government entities) who can own and/or manage the projects. However, Municipalities are responsible for the ultimate outcomes of RHI and will be the only signatory to the Contribution Agreement.

Each Municipality will have a CMHC team dedicated to working through the RHI process with them and can work with you to identify projects that are suitable for RHI.

Q12. Are there changes to the program design from the first round of RHI?

A12. The following flexibilities were introduced to address feedback and to maximize the impact of RHI.

- Additional forms of new construction beyond modular if units can be delivered within 12 months.
- Non-profits will now have an opportunity to demonstrate they have the financial capacity to support the viability of units without government subsidy (self-funded).
- Cities will have a longer time to submit projects (60 days instead of 30); and,
- Project delivery timelines adjusted for projects located in the North and special access communities (e.g., up to 18-months delivery). Extensions continue to be offered for projects on a case-by-case basis to accommodate reasonable barriers in delivery.

Q13. What are eligible property types for the purpose of RHI?

A13. Eligible Property types include:

- Standard rentals
- Mixed use is eligible with the caveat that CMHC will not fund non-residential costs.
- Transitional housing provided tenancy is for at least 3 months at a time.
- Permanent supportive housing
- Single Room Occupancy (SROs)
- Seniors housing that requires light to no care such as Independent Senior's living

Non-eligible property types include:

- Shelters
- Student housing
- Equity Co-Ops
- Homeownership or Mixed-Tenure
- Seniors with a primary focus on delivery of healthcare (e.g. facility requires specific licensing)
- Permanent residential properties being offered as temporary accommodations (rental properties, AirBnB's)

Q14. What are the energy efficiency and accessibility requirements the Cities Stream under RHI?

A14. New construction projects are expected to meet a minimum energy efficiency of 5 per cent or more above the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or meet the local/regional standard, whichever is higher.

New construction projects must exceed the accessibility requirements of their jurisdiction by providing an additional 5% of accessible units above the local requirements.

Conversions/rehabilitations are not required to meet a minimum requirement above code for both energy efficiency and accessibility.

CMHC will not require government entities to provide proof of exceeding the energy efficiency or accessibility requirements.

Q15. Can a Municipality apply for additional funding under the Projects Stream?

A15. Municipalities will not be permitted to apply for more projects that can be funded by their allocation as additional projects cannot be submitted for consideration through the Projects Stream (closed application window). However, Municipalities that have existing projects with "on hold" statuses in the Projects Stream, will be permitted to select the option that those projects now be funded through their allocations.

Municipalities with unfunded projects under the Projects Stream can fund these projects under their Cities Stream funding or leave them for consideration under the Projects Stream. Municipalities that choose to fund projects from their Projects Stream proposals using their Cities

Stream allocation can choose to replace their Projects Stream projects with other projects. Cities will be allowed to replace no more than the number of projects that were on hold from the first round of RHI. Note that these projects will subject to prioritization and we invite you to look at the Product Highlight Sheet for additional information and work with your Cities Team to best position that application for success.