

**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. CMHC will sign contribution agreements with Municipalities under the Cities Stream first and agree to projects later. Once a Municipality and CMHC have signed a contribution agreement, funding will flow directly to the municipality within 10 business days. Once CMHC's online portal opens on December 12th, Municipalities will propose projects for their allocation for CMHC's review and approval. The window will remain open for approximately 90 days and the review of projects will take place within 60 days following the closure of the application window. Once projects are approved, they will be included in the signed contribution agreement through an amending Schedule.

For the Projects Stream, Municipalities will be able to propose additional projects at the same time as their Cities Stream submission once the application window opens. After the application period, CMHC will review all Projects Stream applications within 90 days. Any Cities Stream Municipalities approved for additional funding under the Projects Stream will have their projects added to their existing contribution agreement and funding will flow within 10 business days of an effective and amended agreement under the Projects Stream.

For detailed information of how to submit your projects under both the Cities and Projects Streams, CMHC will be hosting a webinar on how to navigate the application portal and will provide municipalities with the Applicant Guide prior to the portal opening.

**Q3.** What are the affordability requirements of RHI?

**A3.** All units must serve and be affordable (household is paying less than 30% of before-tax 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 annually, 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.

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

**A4.**

- Women and children fleeing 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 that focus on 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 at least 15% of funding for urban Indigenous peoples.

In addition to these targets, municipalities are being encouraged to take a community benefits approach and advance projects that support Black Canadians.

**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 women and/or women and their children focused 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 focused on 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 single, scattered units up to larger multi-unit rental housing projects which may include the acquisition of land. Traditional construction methods or modular will be accepted if the units can be delivered in 18 months (24 months in the North).

**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.

For the Cities Stream, construction must be completed within 18 months of CMHC agreeing to your proposed projects. 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 project costs that have been incurred prior to December 1, 2022 are not eligible but can be used as cost sharing if those costs have been paid on or after April 1st, 2020.

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.** The allocation methodology takes into consideration cities with the highest incidence of renters in severe housing need according to 2021 Census data. For RHI 3, all (30) previous RHI 2 municipalities received funding with the addition of four municipalities that are now part of the top 26 municipalities with renters in severe housing needs based on Census 2021 data. Seven more cities are added to provide additional regional distribution in smaller cities based on the highest incidence of renters in severe housing need in those jurisdictions. The local average construction cost per unit number was used to index the allocation to market costs. Actual market costs will likely vary depending on the type and location of the projects.

Using the updated 2021 Census, the incidence of severe housing need among some municipalities in the Cities Stream has changed. In this round of RHI, the \$500M in funding allocated to the Cities Stream was expanded to 41 municipalities to ensure that regional coverage captured at least one city in every province and territory. This has caused a slight drop in the funding spread out between municipalities.

**Q10.** What if a Municipality does not deliver or manage housing?

**A10.** Municipalities can appoint intermediaries (non-profits or government entities) who can own and/or manage the projects. However, Municipalities are ultimately responsible for the 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.

**Q11.** Are there changes to the program design or the Cities Stream process from the second round of RHI?

**A11.** The following changes are being introduced to respond to the operational circumstances of RHI 3.

- CMHC will enter into agreement with Cities Stream Municipalities first and agree to proposed projects later. This change in process is necessary to commit and disburse funding before the end of the fiscal year. Funding will be transferred to municipalities under the Cities Stream immediately once agreements are signed.
- Once a municipality has submitted their proposed projects, CMHC will review within 60 days of the application window closing (up from 45 days in RHI 2). This additional timing is to allow for the increased volume anticipated from an open application window on the Projects Stream.

- RHI 3 proponents under both the Cities and Projects Stream will now have up to 18 months (24 months in the North) to reach occupancy. This additional 6 month will provide proponents more time to adapt to the challenges arising from the current construction climate.
- New constructions projects in this round of RHI will now be required to meet a minimum energy efficiency standards as set out in the 2017 National Energy Code for Buildings (NECB) for Part 3 buildings and the 2015 National Building Code (NBC) for Part 9 buildings, as applicable. This change comes as CMHC standardizes its energy efficiency criteria and allows proponents to cross-board to other CMHC programs.

**Q12.** What are eligible property types for the purpose of RHI?

**A12.** 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)

**Q13.** What are the energy efficiency and accessibility requirements the Cities Stream under RHI?

**A13.** New constructions projects need to meet energy efficiency standards as set out in the 2017 National Energy Code for Buildings (NECB) for Part 3 buildings and the 2015 National Building Code (NBC) for Part 9 buildings, as applicable.

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 meeting the energy efficiency or accessibility requirements.

**Q14.** Can a Municipality apply for additional funding under the Projects Stream?

**A14.** Municipalities will be permitted to apply for projects in excess of their Cities Stream Allocation once the application window opens.

Where a Municipality is only required to meet the RHI minimum requirements under the Cities Stream, applications under the Projects Stream are scored against all other applications based on the outcomes they can achieve.

**Q15.** Do Municipalities under the Cities Stream need to provide proof of confirmed operating and program subsidy for the projects they submit?

**A15.** No, as trusted partners and to expedite housing development, municipalities benefit from a streamlined application process. Municipalities are not required to provide proof for many of the components of the RHI grant process, including confirmation of operating and program subsidies.

Where a Municipality is anticipating relying on provincial or territorial counterparts to provide operational or program subsidies to meet the minimum 20-year affordability period, municipalities are responsible for ensuring the long-term viability of the project.

CMHC is available to assist municipalities in the Cities Stream with the engagement of provincial or territorial governments.

New to this round of RHI, applicants will see a new question in the application portal to capture the source of the operational and program subsidies for a project submitted. Where an applicant has indicated that they will be relying on their provincial or territorial government, this information will be communicated back to that respective government.

**Q16.** What if a Municipality that received funding under the previous rounds of RHI has projects experiencing delays or is late in submitting its quarterly attestations?

**A16.** Depending on the severity of the delays, a Municipality may be negatively impacted when submitting additional projects under the Projects Stream. For example, a Municipality not meeting agreed upon timelines in their projects from previous rounds of RHI may not receive points for expediency.

**Q17.** Can a Municipality register encumbrances on RHI projects?

**A17.** Municipalities may not encumber units, or any lands acquired with their RHI contribution without CMHC's prior written consent. This would not prevent a municipality from implementing controls to ensure that the RHI parameters are respected.

CMHC will generally not object to encumbrances from other levels of government such as caveats related to affordability, forgivable loans in lieu of grants/operating funding and/or agreements related to cost sharing funding sources/subsidies that meet the principles of RHI.

