



# CMHC AFFORDABLE HOUSING PROGRAMS

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CMHC Multi-Unit Housing Solutions, BC Region



# Today's Talk

**Rental Construction Financing Initiative (RCFi)** (CMHC Direct Lending)

**National Housing Co-Investment Fund (NHCF)** (CMHC Direct Lending)

**Mortgage Loan Insurance for affordable housing (MLI Flex)**  
(CMHC-insured financing through your lender)



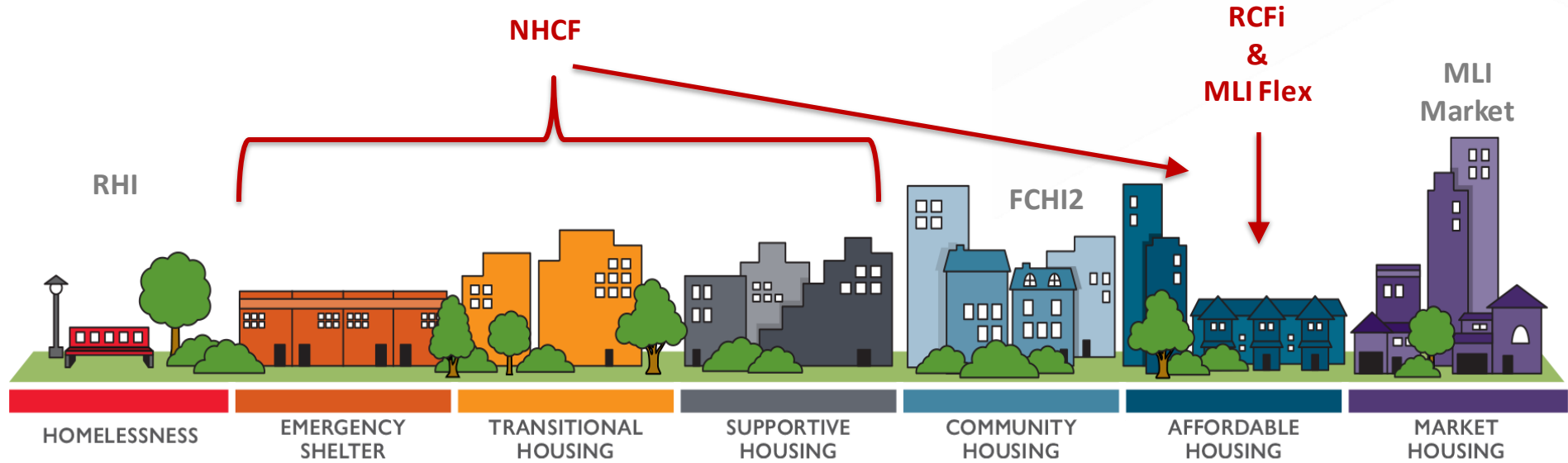
# The Rental Housing Continuum & CMHC Programs

## CMHC's Goal:

“By 2030, everyone in Canada has a home that they can afford and meets their needs”



# The Rental Housing Continuum & CMHC Programs



# Rental Construction Financing initiative (Direct Lending)

**\$25.75B**

Loans to housing providers for  
the construction of affordable  
rental housing

Goal: 71,000 units

**11-year**  
Initiative  
(Ending 2028)

**CMHC**  
insured from  
the onset  
(no premiums!)

**Low Cost**  
10-year fixed rate,  
50-year amortiz'n,  
100% LTC



# Minimum mandatory requirements

## SOCIAL OUTCOMES

Affordability

Financial  
Viability

Energy Efficiency

Accessibility



# Rewarding Greater Social Outcomes

## Prioritization Tiers

Up to **100% LTC**  
(from 19 to 25 points)

Up to **95% LTC** (from 10 to 18 points)

Up to **90% LTC** (from 0 to 9 points)

## Based on the following:

Duration of affordability beyond 10 years

Greater depth of affordability in rents

Greater proportion of affordable units

Energy efficiencies beyond minimum requirements

- *Maximum points given for net zero ready energy or equivalent performance standards*

Accessibility for future needs (adaptable units) and for greater social inclusion (universal design)

Collaboration, partnerships, and other government supports

Transit Oriented

Max.  
Points

3

3

3

5

4

5

2



# Process

- 1. Application** (zoning must be enacted)
- 2. Competitive Prioritization** (conditional commitment)
- 3. Underwriting** (6-9 months)
- 4. Credit Approval** (final loan sizing based on current interest rate)
- 5. Loan Agreement**
- 6. Funding & Rate Set** (after any required equity injection)





# National Co-Investment Fund - \$13B Fund

**\$8.65  
BILLION**

**LOW-COST REPAYABLE  
LOANS OVER 10 YEARS**

**\$4.52  
BILLION**

**CAPITAL CONTRIBUTIONS  
OVER 10 YEARS**

**Combination of both** to offset higher costs of meeting or exceeding minimum requirements or where cash flow is insufficient to support financing



# Minimum Requirements – NHCF vs. RCFi

## Financial Viability

### Co-Investment

- Ongoing gov't subsidies ok

### RCFi

- No ongoing gov't subsidies



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## Affordability

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- 30% of units at 80% MMR

### RCFi

- 20% of units at 30% median income



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## Energy Efficiency

### Co-Investment

- 25% reduction in energy use & GHG emissions

### RCFi

- 15% reduction in energy use & GHG emissions



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## Accessibility

### Co-Investment

- 20% units + common areas
  - or 100% Universal

### RCFi

- 10% units + common areas



# NHS Success Stories: Union Gospel Mission



March 22, 2019

## A supportive sanctuary for women

Emily found help and healing through the kindness of support staff at Union Gospel Mission in Vancouver.



# Mortgage Loan Insurance for affordable housing (MLI Flex)

## Flexibility in Financing

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Higher loan-to-value (LTV),  
all locations

## Lower Interest Rates

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Competitive  
interest rates

## Reduced Renewal Risk

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Reduced renewal  
risk for entire  
amortization period

# Underwriting Flexibilities for Affordable Projects

- ✓ **Market affordability requirements (same as RCFi)**  
Goal: generate supply targeted to “missing middle”
- ✓ **Lower DCR**  
1.10 regardless of loan term (vs. 1.2 or 1.3 for Market MLI)
- ✓ **Lower premiums**  
Reduced premiums for affordable projects
- ✓ **Advancing**  
Full loan (up to 95% LTC) available at construction completion (no rental achievement holdback, *provided no additional risks identified in file*)





# Wrap up

## Rental Construction Financing Initiative (RCFi)

- ✓ Geared to middle-income affordability
- ✓ Highly competitive prioritization

## Co-Investment Fund (NHCF)

- ✓ Geared to deep affordability for vulnerable populations
- ✓ Investment by another level of government

## MLI Flex

- ✓ Back-up plan/alternative to RCFi
- ✓ Can be layered with RCFi or NHCF
- ✓ Can be used for construction + takeout or takeout only



THANK YOU!



More information at: [cmhc.ca](http://cmhc.ca)  
Contact us at: [ahc\\_bc@cmhc.ca](mailto:ahc_bc@cmhc.ca)

