

CMHC Update

Co-operative Housing Development Program



EllisDon Community Builders Bulletin CMHC Co-operative Housing Development Program

CMHC’s Co-operative Housing Development Program provides funding for those looking to construct new buildings or convert non-residential housing into co-op housing. Co-op housing is run by those living in the building – the “members.” A board of directors (voted by members) makes decisions based on the needs of other members in the building.

Budget 2022 and the 2023 Fall Economic Statement announced \$1.5 billion in funding for the Co-op Housing Development Program to expand co-op rental housing. It’s estimated the program will support the development of thousands of affordable rental co-operative housing units by 2028.

This bulletin will outline the approval process and timelines and the funding options available for this Co-operative Housing initiative.

Eligibility

Below is a summary of the specific eligibility criteria:

Table 1: Co-operative Housing Development Program - Eligibility of Applicant

Type	Condition
Applicant	Must be one of the following: <ul style="list-style-type: none"> • Non-profit housing co-operatives <ul style="list-style-type: none"> ○ As stand-alone co-operatives or in partnership with another non-profit ○ Student housing co-operatives ○ Senior’s housing co-operatives • Land trusts • Indigenous housing co-operatives • Indigenous governments and organizations (including First Nation Bands, Métis and Inuit, Tribal Councils, and Indigenous housing providers)
Project Types	Must include the report of existing, or construction of: <ul style="list-style-type: none"> • New construction • Densification • Conversion of non-residential buildings
Property Type	<ul style="list-style-type: none"> • Property types may include multi-unit, stacked townhomes, semi-detached buildings etc. • Properties must be rental co-operative housing
Governmental Support	Projects must have support from another level of government such as: <ul style="list-style-type: none"> • Funding requests may include one or multiple buildings or properties and can include multi-site developments to achieve minimums
Project Size	<ul style="list-style-type: none"> • The project must meet the minimum number of units for the project’s location type: • Large urban centres (Census Metropolitan Areas or populations over 100,000) <ul style="list-style-type: none"> ○ 75 unit minimum • Small and medium urban centres (Census Agglomerations or populations of 10,000 to 99,999)

	<ul style="list-style-type: none"> ○ 30 unit minimum ● Rural and Remote, Northern and Indigenous <ul style="list-style-type: none"> ○ CMHC may consider fewer units on a case-by-case basis
Ineligible Applicants	<ul style="list-style-type: none"> ● Equity co-operatives ● Nursing homes ● Projects/units with life-leases

Mandatory Minimum Requirements

Applications must meet all minimum requirements for the CHDP to be considered:

Table 2: Co-operative Housing Development Program – Mandatory Minimum Requirements

Type	Condition
Financial Viability	<ul style="list-style-type: none"> ● Minimum debt coverage ratio (DCR) requirements: <ul style="list-style-type: none"> ○ DCR of 1.00 for residential loan component ○ DCR of 1.40 for non-residential loan component ○ Loan applications will be qualified with a 100 bps (1.00%) spread over the CMHC indicative 10-year fixed rate
Affordability	<ul style="list-style-type: none"> ● Proponents must commit for a minimum of 20 years (from occupancy), to keep the rents/housing charges for 100% of units at or below 110% of the Median Market Rent (MMR) of post-2000 builds in the subject area
Energy Efficiency	<ul style="list-style-type: none"> ● Projects must achieve Step 2 of the 2020 NECB or Step 3 of the 2020 NBC
Accessibility	<ul style="list-style-type: none"> ● There are two options for meeting the accessibility requirement: projects must have: <ul style="list-style-type: none"> ○ A minimum of 20% of all units within the project meet or exceed accessibility standards with access to the project and its common areas being barrier free; or ○ Full universal design throughout the entire project (common areas and dwelling units)

CHDP Funding Structure

This program is expected to provide up to \$1.5 billion in loans which will include both repayable and forgivable loans. CMHC can fund up to 100% of the eligible project costs on residential space. Projects containing non-residential space can be eligible for up to 75% of the non-residential project costs. This funding structure will be available over 4 years starting in 2024/2025.

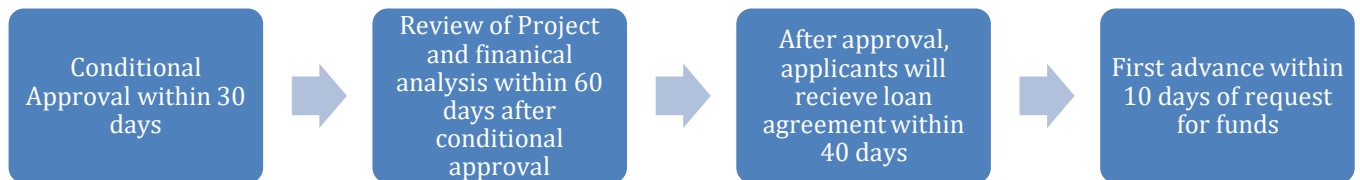
Below is a summary of the Repayable Loan and Forgivable Loan available through the Co-operative Housing Development Program:

Table 3: Co-operative Housing Development Program – Repayable Loan & Forgivable Loan

Repayable Loan	Forgivable Loan
<p>A low interest loan that can be provided for up to two-thirds of project costs.</p> <ul style="list-style-type: none"> • Amortized period for up to 50 years. • Proponents have a 10-year term with the option to renew for a second 10-year term • The loan will be closed to prepayment during each term • Below market interest rate • The interest rate will be locked-in at first advance • Interest-only payments until stabilization, then principal and interest payment for the remainder of terms. • Interest-only payments financed by the repayable loan during construction through to occupancy permit and interest-only payments paid by the borrower from occupancy permit to 12 months of stabilization; and principal and interest payment from 12-month stabilization for the remainder of terms 	<p>A loan that may be forgiven if the borrower meets the program criteria and targets. Up to one-third of project costs are available as forgivable loans.</p> <ul style="list-style-type: none"> • The forgivable loan funding amount will be capped at the lesser of one-third of project costs, or the amount needed to reach 110% MMR of post-2000 builds in the subject area. • Forgivable loans will be forgiven over 20 years and forgiveness is earned annually

Approval Process

CMHC has indicated that the approval of funding applications will be completed within 4 to 5 months from when the initial intake portal closes.



1. Conditional approval of funding will be granted for the project if the application is deemed complete, typically within 30 days after the intake window closes.
2. A review of projects eligibility and a financial analysis will be done within 60 days after the conditional approval.
3. Once the application is approved, a loan agreement will be given out within 40 days following the review. The loan agreement will outline the process and any supporting documentation needed to request an advance from CMHC.
4. The first advance may be made within 10 days of the request for funds. All applications must satisfy advancing conditions within the set time frame. Required documentation must be provided 10 days before the advance request.

First Application Timeline

The first application intake window opens on July 15 and closes on September 15, 2024. Below is a summary of the important dates:

Table 4: Important Dates

Description	Date
Intake portal opens	July 15 th , 2024
Intake portal closes	September 15 th , 2024
Prioritization and conditional approvals	September to October 2024
Underwriting assessment and final approvals	October to December 2024
Loan agreements	January to February 2025
Funding released	February and beyond

Application Priority List

If there is high demand for the funding available, CMHC has indicated that they will prioritize projects based on the following Priority List:

- 1. Financial Viability
- 2. Project Cost
- 3. Number of Units
- 4. Shovel Readiness
- 5. Affordability
- 6. Location
- 7. Energy Efficiency
- 8. Accessibility
- 9. Support of National Housing Strategy priority groups

Contact Nick Gefucia at ngefucia@ellisdon.com to discuss how EllisDon Community Builders can help you advance your project.