

CMHC Update

The Enhanced Affordable Housing Fund



Updates to CMHC Affordable Housing Fund (November 2024)

CMHC has issued updates regarding the Affordable Housing Fund (“AHF”). The Enhanced Affordable Housing Fund introduces three new streams: New Construction: Community Housing Sub-Stream, New Construction: Rapid Housing Sub-Stream, and Repair and Renewal.

Key features of the AHF include funding for projects that promote accessibility, energy efficiency and social inclusion. Additionally, CMHC has streamlined the approval process to accelerate the development of affordable housing, providing 20-year fixed-term low-cost loans to support long-term project sustainability. In this bulletin, EllisDon Community Builders will provide an overview of the Community Housing and Rapid Housing streams, outlining how they may impact your new developments.

Key Features of The Enhanced Affordable Housing Fund:

- Funding for diverse community housing projects;
- Funding for shelters, transitional and supportive housing;
- Repair projects prioritized for accessibility and energy efficiency outcomes;
- Faster, more efficient approvals process; and
- Extended 20-year fixed-term low-cost loans for greater predictability.

Summary of the Community Housing Sub-Stream and Rapid Housing Sub-Streams

Eligibility criteria for the two primary streams—Community Housing and Rapid Housing—are tailored to specific applicant groups, including non-profit organizations, municipal governments, Indigenous groups, and the private sector (for the Community Housing stream only). Below is a summary of the intention of the two streams introduced as part of the Enhanced Affordable Housing Fund:

- The Community Housing Sub-Stream supports new affordable housing projects, including non-profit rentals, co-ops, and shelters, with a focus on affordability, energy efficiency, and accessibility. Applicants can include non-profits, municipal, and Indigenous governments, with funding covering up to 95% of costs, plus forgivable loans (up to 40% for non-profits). Projects must meet affordability (below 80% of market rent for 20 years) and accessibility standards and prioritize financial viability and social outcomes.
- The Rapid Housing Sub-Stream targets quick construction of affordable housing, such as converting non-residential buildings (e.g., hotels) into shelters or low-cost rental units. CMHC can cover up to 100% of costs, with a focus on speed and serving priority populations (e.g., women, Indigenous peoples, people with disabilities). This stream excludes private developers and prioritizes projects that are shovel-ready and support high-needs groups.

Eligibility

Table 1 summarizes the eligibility criteria.

Table 1: Eligibility of Applicant

Type	New Construction: Community Housing Sub-Stream	New Construction: Rapid Housing Sub-Stream
Applicant	Must be one of the following: <ul style="list-style-type: none"> • Community housing sector (e.g., non-profit housing organizations and rental co-operatives) • Municipal, Provincial, and Territorial Governments including their agencies • Indigenous Governments and Organizations (including First Nation Bands and Tribal Councils) • Private sector 	Must be one of the following: <ul style="list-style-type: none"> • Community housing sector (e.g., non-profit housing organizations and rental co-operatives) • Municipal, Provincial, and Territorial Governments including their agencies • Indigenous Governments and Organizations (including First Nation Bands and Tribal Councils) Note: Private builders and developers are not eligible for the Rapid Housing Sub-Stream

Type	New Construction: Community Housing Sub-Stream	New Construction: Rapid Housing Sub-Stream
Property Type	<ul style="list-style-type: none"> Standard rental, shelters, seniors housing, transitional and supportive housing. Must have a minimum of five units (or beds). Primary use is residential. Non-residential component must not exceed 30% of total gross floor area nor 30% of total lending value 	<ul style="list-style-type: none"> Rapid Housing Sub-Stream provides funding for low-cost rental housing and single-room occupancy: specifically, shelters, transitional housing, and supportive housing. Proponents may acquire non-residential buildings, such as hotels, to convert into shelters and permanent affordable housing. Must have a minimum of five units (or beds). Primary use is residential. Non-residential component must not exceed 30% of total gross floor area nor 30% of total lending value.
Development Management Experience (if applicable)	<ul style="list-style-type: none"> Proponents, and/or their contracted builder or developer must provide resume(s) demonstrating their experience in construction. Proponent must have successfully completed a similar project on time and within budget. Alternatively, proponents must enter into a fixed price contract with a general contractor who has experience building projects of similar size, cost, building form and construction type in the same market area. Proponents must have a demonstrated ability to withstand unexpected increases in construction cost. For newly formed groups, alternate covenants, collateral and mitigation may be considered. 	

Mandatory Minimum Requirements

Applications must meet all minimum requirements for the AHF to be considered.

Table 2: Minimum Requirements

Type	New Construction: Community Housing Sub-Stream	New Construction: Rapid Housing Sub-Stream
Financial Viability	Proponents must demonstrate their financial and operational ability to carry the project and to provide evidence of the financial viability of the proposed project itself as well as capacity to deal with development risks such as cost overruns and delays	
Affordability	Rents for at least 30% of the units must be less than 80% of the Median Market Rent and maintained for a minimum of 20 years.	
Energy Efficiency	Updated to include the 2020 National Model Codes as the baseline measure: Projects must achieve Tier 2 of the 2020 NECB or Tier 3 of the 2020 NBC.	
Accessibility	20% of units within the project must meet or exceed accessibility standards (CSA B651:23/652:23), including the Rick Hansen Foundation GOLD Accessibility Certification, and its common areas must be barrier-free, OR have full universal designer applied, in accordance with CMHC’s universal design requirements table.	

Prioritization of Social Outcomes for Both Streams

In addition to meeting mandatory minimum requirements, the AHF will prioritize projects with higher scores based on the achievement of outcomes within the following priority areas:

Table 3: Prioritization of Social Outcomes

Criteria	Social Outcomes
Affordability	Greater number of units and/or depth of affordability.
Energy Efficiency	Greater energy efficiency improvement and GHG emission reductions.
Accessibility	Greater number of accessible units and level of accessibility provided.
Community Oriented and Social Inclusion	Proximity to public transit, childcare centers, and community centers. Integrated support and services for tenants on-site.
Financial Partnerships	Stronger financial partnerships with other funders to support the achievement of program targets set by the Government of Canada. Evidence of ongoing operations and maintenance costs of units, where applicable.
Shovel Readiness.	Projects that demonstrate shovel readiness/construction start date
Supporting Priority Groups	Projects that target the priority group populations will be given first consideration. Priority populations include women and children fleeing domestic violence, women and their children, seniors, young adults, Indigenous peoples, people with physical and/or developmental disabilities, those dealing with mental health and addiction issues, veterans, newcomers (including refugees) and homeless people or those at risk of homelessness, Black Canadians, racialized groups, 2SLGBTQIA+.

Funding Options

Proponents are eligible for repayable loans combined with forgivable loans depending on the needs of the project and the level of achievement of the affordability, energy efficiency and accessibility outcomes.

To maximize the outcomes of the Affordable Housing Fund, CMHC will prioritize applications where proponents have confirmed other sources of capital funding.

New Construction: Community Housing Sub-Stream

Table 4: New Construction: Community Housing Sub-Stream – Funding Options

Maximum Repayable Loan	Maximum Forgivable Loans
<ul style="list-style-type: none"> Co-ops and non-profits, Indigenous Governments and organizations - Up to 95% of costs Provinces, Territories and Municipal governments - up to 30% of costs Private Sector - Up to 75% of costs 	<ul style="list-style-type: none"> Co-ops and non-profits, Indigenous Governments and organizations - Up to 40% of costs Provinces, Territories and Municipal governments - up to 30% of costs Private Sector - Up to 15% of costs

New Construction: Rapid Housing Sub-Stream

Table 5: New Construction: Rapid Housing Sub-Stream – Funding Options

Maximum Repayable Loan	Maximum Forgivable Loans
<ul style="list-style-type: none"> • CMHC may provide up to 100% of the eligible construction and development costs of the project, depending on the needs of the project. • CMHC does not cover ongoing operations and maintenance costs of units and/or projects. • Black Canadians Carve-Out: There is dedicated funding of up to 100% of eligible costs for new affordable housing for Black households under the Rapid Housing Sub-Stream. 	

Funding Criteria for Both Streams

The funding criteria for both the Community Housing Sub-Stream and the Rapid Housing Sub-Stream of the Enhanced Affordable Housing Fund outline the specific financial conditions and requirements for applicants seeking CMHC support. The funding criteria for both streams are highlighted in the table below.

Table 6: Funding Criteria

	Funding Criteria
Funding on Non-Residential Components	<ul style="list-style-type: none"> • Maximum funding is up to 75% of eligible costs related to the non-residential component
Minimum Debt Coverage Ratio (DCR) Requirements	<ul style="list-style-type: none"> • 1.00 for residential loan component • 1.40 for non-residential loan component
Interest Rate on Repayable Loan	<ul style="list-style-type: none"> • Either: <ul style="list-style-type: none"> ○ Fixed interest rate for a 10-year initial term, with option to renew for a second 10-year term at which time a new fixed interest rate will be set, or ○ Fixed interest rate for a single 20-year term. • Closed to prepayment during each of the 10-year terms or the 20-year term. • Below market rate. • 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.
Repayable Loan Amortization Period	<ul style="list-style-type: none"> • Up to 50 years
Advancing	<ul style="list-style-type: none"> • Advances authorized on a cost-in-place basis
Security Type	<ul style="list-style-type: none"> • First, second, pari-passu mortgages are permitted
Reserve Requirement	<ul style="list-style-type: none"> • Borrowers will be required to establish a replacement reserve at the higher of the amount recommended in the property condition assessment report or 4% of annual rental income (not including subsidies)
Covenant/Guarantee Requirements on Repayable Loans	<ul style="list-style-type: none"> • The borrower and guarantor (if applicable) must provide their covenant/guarantee for 100% of the repayable loan during construction, rent-up, and stabilization. • After rent-up, when the project has achieved the projected rent levels (effective gross income) used in the approval of the repayable loan have been achieved and have been maintained for 12 consecutive months, the repayable loan may become non-recourse to the borrowers and guarantors for deficiency after enforcing the security on default.

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