

Background

Overview - Affordable Rental Innovation Fund

The goal of Canada Mortgage and Housing Corporation's (CMHC's) Affordable Rental Innovation Fund (Fund) is to encourage new funding models and innovative building techniques in the rental housing sector. Canada Mortgage and Housing Corporation is looking for unique ideas that will revolutionize the sector. In the process, the \$200M Fund is expected to help create up to 4,000 new affordable units over five (5) years, and will reduce reliance on long-term government subsidies.

Who is eligible?

Funding is available to eligible individuals, corporations and organizations that want to build affordable rental housing in Canada in response to demonstrated community need. Eligible applicants include municipalities, private sector developers and builders, and non-profit housing providers (including faith-based organizations).

Criteria

Applications to the Fund must be for affordable rental housing and must meet the minimum criteria as follows:

1. **New affordable rental housing units**
Minimum of five (5) new units must be created to qualify for the Fund (*renovation or retrofit projects may not be eligible if new units are not created*).
2. **Innovative models of design or financing models**
Applicants must demonstrate the use of innovative solutions for affordable rental housing. This may include the use of customized financing models or unique designs use to overcome rental barriers and lower the costs and risks associated with housing projects.
3. **Unit affordability maintained for at least ten (10) years**
Applicants must demonstrate how their project will remain affordable rental for at least 10 years. Applicants will score better with longer affordability periods.
4. **Resource efficiencies in the design**
Applicants must demonstrate how their projects will achieve a minimum 10% decrease in energy intensity and greenhouse gas (GHG) emissions relative to similar projects constructed to building code requirements of their respective jurisdictions.
5. **Accessibility features must be included**
At least 10% of the units of a project must meet accessibility requirements.

Accessible features may include: ramps, lifts, modified kitchens, bathrooms, and home automation.

6. Plans for viability and sustainability without long-term government subsidies

Units must demonstrate that they can be viable without the need for ongoing government subsidies after the ten (10) year agreement has passed.

Affordability levels are based on the provincial definition of affordable, which is 80% of CMHC's average market rent. There are no minimum unit sizes, but to be considered a unit, it must have its own bathroom and full kitchen (hot plates would not qualify as a kitchen).

Other facts that may be included in scoring

Projects with added value, for example where designed with higher impact through replicable designs, easy access to transit or where the proposed project serves vulnerable households, will be reviewed more favourably.

Funding amounts

Applicants must be able to support the level of funding they require to ensure the project will be viable. The amount and type of funding will vary based on proposals received and Canada Mortgage and Housing Corporation may require security depending on the proposal. In addition to forgivable loans and contributions, innovative funding options will be available to proponents. These options may include: equity capital investments, minority ownership models, dividend payments, or other innovative arrangements.

Canada Mortgage and Housing Corporation's Affordable Rental Innovation Fund is being used to help build additional affordable housing units across the country and not for the continued operating dollars for such projects. The goal is to encourage new funding models and innovative building techniques in the creation of new rental units. In order to attract a diverse range of proposals, Canada Mortgage and Housing Corporation will not place restrictions on tenure type, building form, or category of residents targeted to move into the rental units once built.

Canada Mortgage and Housing Corporation's Affordable Rental Innovation Fund is not intended to be stacked with larger forms of government support, as this type of funding would not allow the project to be sustainable over time.

The i3 Committee

The i3 Committee has representatives from the federal government and experts from various sectors (e.g., financial, lending, academia and innovation). Applicants may have the opportunity to pitch directly to the i3 Committee, who might challenge their

proposals to help draw out the most innovative approaches and ideas. The i3 Committee will then make approval and funding recommendations to Canada Mortgage and Housing Corporation.

Application and Approval Process

The call for proposals opened on September 30, 2016. Online applications are currently reviewed on an ongoing basis, and funding announcements will be made every quarter. Canada Mortgage and Housing Corporation will require the ability to use information and ideas submitted by the applicant for research and evaluation, while taking intellectual property rights and confidentiality into consideration. Proposals that meet the criteria will be referred to the i3 Committee for further review. Proposals that may not meet all the criteria but show potential will be referred to an Innovation Lab for further refinement and potential resubmission to the i3 Committee for consideration. If a proponent's proposal is not chosen to move forward at either of these levels, they may be invited to resubmit at a later date based on the feedback received.

Funds are available for five (5) years or until all funds are assigned, whichever comes first. Canada Mortgage and Housing Corporation has final decision-making authority on the selection of proposals.

The Innovation Lab

The Innovation Lab is an incubation hub within Canada Mortgage and Housing Corporation. The Lab will provide access to technical resources and input for projects that have great potential but aren't quite ready for funding. The Innovation Lab will aim to help the project become ready to appear before the i3 Committee.

Next Steps

Pending the outcome of the Social Housing Revitalization Plan and/or other housing development opportunities, applications will be made to the Canada Mortgage and Housing Corporation Affordable Rental Innovation Fund as a potential funding option.

References

Canada Mortgage and Housing Corporation website; Affordable Rental Innovation Fund; <https://www.Canada Mortgage and Housing Corporation-schl.gc.ca/en/inpr/afhoce/afhoce/affordable-rental-innovation-fund.cfm>