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National Housing Council

Improving the National Housing Strategy (NHS): Implementation of the Rapid Housing Initiative, Research Report

Background

The first National Housing Council (the Council) was announced on November 22, 2020 and has initiated its work to provide advice to the Minister for Housing and Diversity and Inclusion on the effectiveness of the National Housing Strategy (NHS) and how to further the housing policy of Canada. One of the three priority areas identified by the Council for 2021-2022 includes an analysis of NHS Programs and the extent to which they are addressing the needs of households in core housing need and those experiencing homelessness in Canada.

The Council commissioned Blueprint ADE to conduct in-depth research and analysis on the implementation of the Rapid Housing Initiative (RHI). The result is a report titled *"Implementation of the Rapid Housing Initiative".* Findings from this research will help inform the Council's recommendations to the Minister of Housing and Diversity and Inclusion.

About the Report

The report investigates the implementation of the RHI, a unilateral, federally funded program under the NHS, which provides contributions to housing providers to construct deeply affordable housing. The report uses interviews with eight recipients of RHI funding and three key stakeholders to understand the factors that have contributed to its success and to identify opportunities for improvement. The interviews conducted for this report found considerable support for the RHI, which was generally viewed as a responsive, flexible and accessible program that is effective in addressing deep housing need. The report identifies opportunities to improve the RHI by increasing funding predictability, strengthening funding agreements, improving CMHC's organizational support, increasing transparency and fairness, and broadening reach among Indigenous organizations.

Next steps:

As part of this analysis, the Council's working group on Improving the NHS has also completed another research report on the affordable housing supply created under the bilateral NHS programs. These reports will ultimately inform constructive, evidence-based advice to the Minister of Housing and Diversity and Inclusion in a final report with recommendations expected in the early fall.

If you have any questions about this work, please contact the National Housing Council Secretariat at nationalhousingcouncil@cmhc-schl.gc.ca.

Disclaimer

Please note that the views expressed in this report are the personal views of the author and does not reflect the views or position of the National Housing Council, CMHC or the Government of Canada. The National Housing Council, CMHC, and the Government of Canada accept no responsibility for the views expressed in such research report or any consequences that may arise in using or relying on this literature review.

About the Council

In July 2019, the National Housing Strategy Act (NHSA) became law. The NHSA, among other things, recognizes that a National Housing Strategy supports the progressive realization of the right to adequate housing. The Act includes the establishment of a National Housing Council (the Council). The Council's mandate is to provide advice to the Minister of Housing and Diversity and Inclusion and further the housing policy of the Government of Canada and the National Housing Strategy. Drawing on the diverse expertise and experience of its membership, the Council promotes participation and inclusion in the development of housing policy through the diversity of its members and engagement with communities.

Implementation of the Rapid Housing Initiative

Prepared for the National Housing Council Working Group
on Improving the National Housing Strategy

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Blueprint

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Executive Summary

This report investigates the implementation of the Rapid Housing Initiative (RHI), a unilateral, federally funded program under the National Housing Strategy, which provides contributions to housing providers to construct deeply affordable housing. As of Spring 2022, the RHI has delivered $2.5 billion in contributions, funding the construction of 10,254 new units, 2,754 more than its target of 7,500. In the 2022 budget, the Government of Canada committed to spending $1.5 billion to extend the RHI for another two years.

This report uses interviews with eight recipients of RHI funding and three key stakeholders to understand the factors that have contributed to its success and to identify opportunities for improvement.

Offering contribution funding, as opposed to loans, was a major success factor for the RHI as it allowed recipients to provide more deeply affordable units to vulnerable groups. Recipients also found the flexibility and responsiveness of Canada Mortgage and Housing Corporation (CMHC) to be particularly beneficial when developing projects on tight timelines and in difficult circumstances (e.g., the COVID-19 pandemic). The COVID-19 pandemic brought the issue of affordable housing into sharper focus, helping to create the political and public will to act. Applicants were able to draw on pre-existing project pipelines to capitalize on the RHI within the aggressive timelines of the program.

While all interviewees expressed strong support for the RHI, they also identified opportunities to improve it, including introducing predictable, more generous timelines for applications and project completion. Additional operating funding to support the wellbeing of vulnerable tenant groups after project completion would also be welcome. CMHC should continue to develop its internal capacities as it continues to deliver funding for affordable housing construction through unilateral federal channels. There are also opportunities to refine the application process to make it more transparent and accessible. CMHC should explore options to ensure the RHI continues to be accessible to Indigenous organizations.

Introduction

Purpose

In August 2021, Blueprint ADE was contracted by the National Housing Council Secretariat to analyze the alignment of unilateral National Housing Strategy (NHS) programs with the needs of those experiencing core housing need and homelessness.

The final report, *Analysis of Affordable Housing Supply Created by Unilateral National Housing Strategy Programs* (henceforth, the *Companion Report*), highlighted the promise of the Rapid Housing Initiative (RHI) due to its ability to quickly deliver contributions to housing providers, particularly non-profits, who serve groups in severe housing need. There is a clear need to better understand how the RHI was able to do that and how it could be refined and improved.

In February 2022, Blueprint was contracted by the Secretariat to carry out further research on the RHI. This report contains insights from interviews with RHI recipients and key informants on the design and implementation of the initiative. It aims to inform the National Housing Council Working Group on Improving the National Housing Strategy about the factors that contributed to the success of the program, as well as any opportunities for improvement.

In this report

This report is divided into five main sections:

1. **The Rapid Housing Initiative (RHI)** — This section includes a high-level summary of the RHI, how it has been implemented to date and why it is perceived as a success.

2. **Approach** — This section outlines the scope of our work, outlines our methodology and describes limitations.

3. **Factors contributing to success** — This section summarizes the factors interviewees identified as contributing to the success of the initiative.

4. **Opportunities for improvement** — This section summarizes areas for improvement.

5. **Conclusions** — This section provides some recommendations regarding how the RHI can maintain its success and make improvements.

The Rapid Housing Initiative

1.1 Overview

The RHI is a unilateral housing supply program funded by the federal government and delivered by the Canada Mortgage and Housing Corporation (CMHC). It provides capital contributions to applicants developing housing for groups with deep housing needs. This is different from other major unilateral affordable housing supply programs under the NHS which provide loans, such as the Rental Construction Financing Initiative (RCF), or a combination of grants and loans such as the National Housing Co-Investment Fund (NHCF).

The RHI had two phases:

- **Phase 1** launched in October 2020. It had $1 billion of funding and aimed to create 3,000 affordable units.

- **Phase 2** launched in June 2021. It had $1.5 billion of funding and aimed to create 4,500 affordable units.

In both phases of the RHI, there were two application streams:

- **Project Stream:** This stream served provinces, territories, municipalities, Indigenous governing bodies and non-profits. The Project Stream was allocated $500 million of funding in Phase 1, rising to $1 billion in Phase 2.

- **Major Cities Stream:** Certain pre-determined municipalities (15 in Phase 1, 30 in Phase 2) were invited to apply to this stream The municipalities were chosen based on a number of factors, including the prevalence

of renters in severe housing need.[1] This stream was allocated $500 million in each Phase. All municipalities, including those that were not invited to apply to this stream, could apply to the Project Stream instead.

The RHI had three key objectives:[2]

- "Support the creation of new permanent affordable housing units... to address the urgent housing needs of vulnerable Canadians, especially in the context of COVID-19 (in Phase 1), through the rapid construction of affordable housing."

- "Construct new affordable housing; acquire and rehabilitate existing buildings lost from the housing stock that are in disrepair or abandoned; or acquire, convert, and repurpose existing non-residential buildings for the purposes of permanent affordable, supportive, or transitional housing. Funding can also be used to purchase land and for site preparation."

- "Aim to commit all funds as quickly as possible to ensure housing is available within 12 months of agreements unless otherwise agreed upon."

Key eligibility criteria included constructing new affordable units within 12 months. All RHI units must serve and be affordable to (i.e., have rents less than 30% of income) "targeted people and populations who are, or otherwise would be in severe housing need[3] or people

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1 As indicated by CMHC in communications with the research team.

2 https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing

3 A household in severe housing need pays 50% or more for their current dwelling and is a subset of core housing need households. 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).

experiencing or at imminent risk of homelessness."[4] All units had to meet this affordability standard for a minimum of 20 years. This standard for affordability is 'deeper' than the standards used by the other major unilateral NHS programs, which are less geared toward providing units that are affordable to those in severe housing need (see the Companion Report).

The differences between Phases 1 and 2 were:

- **More eligible construction types.** Phase 1 required new construction to be modular. Phase 2 relaxed this requirement provided the units could be completed within 12 months.

- **More time for municipalities to apply for the Major Cities Stream.** In Phase 1, cities were given 30 days to submit their projects for approval, whereas Phase 2 extended the timeframe to 60 days.

- **More time for the construction of RHI projects in the North.** Phase 1 eligibility criteria required all applicants to construct the new units within 12 months. For Northern and special access projects, Phase 2 extended construction timelines to up to 18 months.

- **Stronger incentives for non-profit applicants to chart a course toward independent financial viability.** In Phase 2, non-profits received points in the application stage if they could demonstrate the financial capacity to support the long-term viability of units without government subsidy.[5]

- **No new applications were accepted for the Project Stream in Phase 2.** Project Stream applications made in Phase 1 were reviewed in Phase 2. Applicants were given the opportunity to update their applications as needed.

1.2 RHI implementation

Phases 1 and 2 of the RHI have provided approximately $2.5 billion in contributions to housing providers. This funding has contributed to the construction of 10,254 units of deeply affordable housing, a figure which exceeds the RHI's target of 7,500 units by 2,754.[6]

In the 2022 budget the Government of Canada committed to spending $1.5 billion to extend the RHI by an additional two years.

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4 A person is said to be at **"imminent risk of homelessness"** if their current housing situation will end in the near future (e.g., within 2 months) and if they have not established a subsequent residence.

5 Phase 1 point system for Duration of confirmed operating subsidy was: 0 points - Operation subsidy not yet confirmed; 5 points - Confirmed up to 5 years; 10 points - Confirmed >5 years but <10 years; 15 points - Confirmed >10 years but <20 years; 25 points - Confirmed for full 20-year affordability period. Phase 2 had an additional 15 points for "Non-profits that demonstrate capacity to support units without government subsidy".

6 https://www.cmhc-schl.gc.ca/en/professionals/project-funding-and-mortgage-financing/funding-programs/all-funding-programs/rapid-housing

Approach

2.1 Methodology

Interviewee Selection Process

We generated a list of roughly 150 RHI recipients using a list of successful RHI applicants and program administrative data provided by CMHC. Recipients were categorized by location, program stream, project status, amount of funding, and the number of units to be constructed. All recipients received RHI funding before June 2021.

Based on this information, we then created a shortlist of 12 organizations to interview that aimed for:

- Pan-Canadian representation (including organizations from the Territories).

- Mix of proponent types (non-profits, municipalities, Indigenous organizations etc.)

- Representation from both application streams (Project and Major Cities).

- Recipients delivering larger-scale projects (i.e., building larger numbers of units with RHI funding).

- Recipients in different stages of the funding and construction process.

We also identified two key informants for additional interviews: one staff member at CMHC and one housing policy expert.

The National Housing Council Working Group on Improving the NHS provided input and feedback on our shortlist, validated its alignment with our research objectives and then drew upon its network to help contact some of the organizations targeted for an interview.

Interview Protocol

The interview protocol for RHI recipients contained questions relating to:

- Motivations for applying to the RHI.

- The experience of the application process.

- The impact of the COVID-19 pandemic on project timelines.

- The role of the COVID-19 pandemic in accelerating or catalyzing funding for deeply affordable housing.

- The demographics of the populations served by the new units.

- Factors or characteristics that made the RHI successful, according to recipients.

- Opportunities for refinement and improvement, according to recipients.

Interviews and Analysis

We carried out 11 interviews in total. Eight were with successful RHI applicants and three were with key informants. Interviews lasted between 45 minutes and one hour.

The Canadian Urban Institute was able to share notes from an interview with a successful RHI applicant they had conducted as part of their ongoing work for the National Housing Council. Collectively, the nine organizations interviewed had received funding to construct between 3,300 and 3,600 new units in Phases

1 and 2, a little under one-third of the total of 10,254 units funded by the RHI.

Table 1, below, shows a breakdown of the interviewees by geographic location and proponent type:

	Municipality	Indigenous community	Territorial government	Non-profit
North (Territories)			✓	
Central (Ontario, Quebec)	✓			✓
East[7] (Atlantic provinces)	✓			
West (Prairies and BC)	✓✓	✓		✓✓

Table 1: Breakdown of the interviewees by geographical location and proponent type

Detailed notes were taken during the interviews. Once interviews were completed, we reviewed the notes to pull out the common themes presented in this report, as well as any insights, observations or experiences that appeared relevant to the aim of understanding and improving the RHI.

2.2 Limitations

Recruiting interviewees proved challenging. Organizations within the National Housing Council Working Group's network were more willing to participate, as were organizations that had previously worked with Blueprint. However, most of the organizations that were contacted for the first time ('cold' emailed) did not respond. Of the 11 interviews, eight were with known contacts and three with first time contacts.

We experienced challenges recruiting interviewees in the North and the Atlantic provinces, which may limit our understanding of local nuances in these regions.

We were only able to interview one Indigenous community applicant, which limits the depth of our understanding as to how Indigenous providers experienced the RHI.

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7 The interview with a municipality in Atlantic Canada was conducted by the Canadian Urban Institute, who shared their notes with the Blueprint team.

Factors Contributing to Success

The interviewees identified a series of factors which they believed contributed to the success of the RHI. Interviewees felt that the RHI's key strength lay in contribution funding, rather than loans, which allowed providers to create more deeply affordable units. They also found the level of responsiveness and flexibility shown by CMHC helpful. Interviewees identified the COVID-19 pandemic as an important factor in motivating the creation of the RHI. Many organizations had done considerable preparatory work and developed relevant expertise before the launch of the RHI, which allowed them to apply with well-scoped proposals.

3.1 Contribution-based funding approach

Interviewees stated that the RHI's key strength is that it provides contributions to cover 100% of eligible residential construction costs, in contrast to other unilateral NHS affordable housing supply programs, which either offer loans (RCF) or a mixture of grants and loans (NHCF). This allows housing providers to create more deeply affordable housing than would be possible with loans. Loan funding requires providers to factor loan repayment costs into tenant rents, which limits the depth of affordability housing providers can offer in buildings funded by debt. Grant funding does not affect rental rates as there are no repayment costs.

Several non-profits stated that the inability to finance loans is a significant barrier to building affordable housing. One mentioned starting an affordable housing project prior to the RHI, which had suffered multiple delays due to issues obtaining loans.

3.2 Flexibility and responsiveness

Most municipal officials interviewed commended CMHC's flexibility and responsiveness in administering the RHI. A willingness to be flexible on CMHC's part created room for the development of localized solutions. Municipalities felt that the RHI provided them with sufficient autonomy to use their funding to create housing solutions that responded to local needs. CMHC's responsiveness to input from recipients allowed for the implementation of significant changes between Phase 1 and 2, which interviewees welcomed, particularly dropping the requirement for modular housing in Phase 2. They also felt the ability to make program changes so quickly was impressive and unusual for a program of the RHI's size.

While most organizations applied online, some did so on paper. Some organizations welcomed the option of making a paper application as they found applying on paper less time consuming than the online option. Although this increased administrative work for CMHC, it did play an important role in helping some organizations to make the tight application deadlines and ensured that digital literacy was not a major barrier to application.

3.3 RHI as a response to COVID-19

Interviewees told us that the COVID-19 pandemic increased the demand for deeply affordable housing. It also created a sense of urgency, which helped to foster the political and public will to help those most in need. The resulting program, the RHI, was designed to meet this need by providing funding directly to providers and working on rapid timelines.

Public health measures put in place during the pandemic increased the burden on the shelter system, which had to either cut capacity in order to implement social distancing measures, or quickly find new buildings to accommodate the same number of people. The RHI sought to relieve that pressure by funding projects that could be completed on short timelines and by explicitly serving those in severe housing need.

3.4 Existing project pipelines and expertise

The interviewees told us that their organizations had considerable experience developing community housing. Many had existing project pipelines, internal or external expertise, and other resources upon which they could draw to make RHI proposals. This was significant as the tight timelines prescribed by the RHI made it very challenging to develop a completely new project proposal in the period between the announcement of the initiative and the application deadline.

The organizations interviewed cited the following as key preparatory steps, which most had taken as part of their organization's day-to-day activities and operations prior to the announcement of the RHI:

- **Building or maintaining political ties:** This gave organizations insights into upcoming funding opportunities, like the RHI.

- **Mobilizing grant writing expertise:** All interviewees had experience working with CMHC prior to the launch of the RHI or were able to hire external consultants with this experience.

- **Acquiring land and/or materials:** Most organizations had already purchased land and/or materials prior to their RHI application.

- **Design work and Class A estimates complete:** Some organizations already had designs and estimates for their projects before the launch of the RHI.

Many applicants were well prepared to make applications to the RHI. Interviewees also stated that there was significant demand among housing organizations for contribution funding. Many organizations had been advocating for more contribution funding for some time but with little success. The RHI was able to fulfil that request and capitalize on exiting project pipelines and expertise.

Opportunities for Improvement

Interviewees identified several opportunities to improve the RHI. These opportunities can be grouped under five broad headings: predictability, strengthened funding agreements, improved CMHC support, streamlined application process and adjudication, and broadened reach among Indigenous organizations.

4.1 Predictability

Interviewees felt that they had insufficient time to prepare for the RHI program. During COVID-19, applicants had known of Phase 1 of the RHI one to two months before the applications opened. Applicants had more advance notice of RHI Phase 2 but this was still not sufficient time for recipients. They could only plan up to 12 months ahead with any certainty about support from the RHI.

Proposals for housing projects take considerable time to scope, cost and develop from scratch. The relatively short period between issuing the RFP and the application deadline led to the following issues:

- Competition among applicants for the same plots of land, building supplies and contractors, which ultimately benefited real estate brokers and construction companies.

- Limited options to secure contractors in the North for their summer 'building' season, despite extended construction timelines in Phase 2.

- Limited leadership oversight as it proved hard to set up board or council meetings at short notice.

- Limited awareness of the RHI program among Indigenous housing providers.

- Increased risk of poor building quality and design as there was little time to think about design principles

and incorporate end-user feedback, something that is particularly important when providing culturally appropriate units for Indigenous peoples.

  ○ Interviewees expressed uncertainty around whether units aligned with the RHI objective of creating permanent units, due to the build quality and the resources that may go into maintenance.

Interviewees would like for future funding from RHI, and other NHS programs, to be more predictable. They would want the RHI program to move from temporary funding announced in one-year increments to a longer funding cycle (suggestions ranged from three to five years). Municipalities would also like to see predictability in the pre-determined allocations on a similar timeframe.

These changes would enable housing providers to reduce competition between themselves and plan more confidently in the long-term. This would ultimately increase housing options and enable providers to serve NHS priority groups more efficiently. Organizations would also carry less risk as they would have more certainty of possible funding sources.

4.2 Strengthened funding agreements

Contingency Funding

Several interviewees contended that RHI contributions should be redesigned to be more robust to differences between planned and actual costs.

RHI's funding agreements provide a specific amount of funding for development. When costs exceed that amount, providers are wholly responsible for covering the difference. According to our interviewees, this type of agreement is too rigid to effectively accommodate the budget overages and deadline extensions endemic to large construction projects. During construction, overage risks interviewees may have planned for were compounded by unforeseen pandemic-related spikes in the costs of materials and labour, which can be challenging to overcome for small non-profit organizations and Indigenous housing providers.

Interviewees recommended that, going forward, each agreement include a contingency fund that could be claimed in the event of budget overages. If RHI agreements included a contingency fund, they would be more robust to emergent and unpredictable changes in project costs or timelines. According to the providers we spoke with, this would make projects advance more smoothly, make contributions accessible to providers unable to take on the financial risk implied by the current agreement structure and reduce the number of times CMHC has to negotiate and develop amendments.

Operating Funding

The RHI offers contribution funding for construction but does not provide ongoing operating funding to housing providers. Some organizations anticipate obtaining operating funding from other sources by leveraging existing relationships (with municipal or provincial housing authorities, for example), but other organizations

without these connections did not anticipate having the capacity to obtain operating funding. Some successful applicants speculated that the lack of operating funding may have discouraged non-profits with less experience delivering this type of project from applying.

Without this funding, interviewees found it challenging to cover operational costs for deeply affordable units, especially for this program, where all units must meet a deep need for affordability. Interviewees felt that a lack of operating funding could also limit organizations' ability to provide services and supports for residents, which are critical for serving many priority populations that the RHI is meant to serve. A lack of supports could decrease accessibility of the units, particularly for those with mental and physical health needs.

Interviewees suggested that the RHI offer flexible funding that allows applicants to draw on operational funding once the unit is built. This could incentivize organizations with less experience accessing this sort of program to apply and increase the ability of providers to serve those with very low incomes and members of NHS priority groups.

4.3 Improved CMHC support

Grantees identified gaps in CMHC's capacities on several matters that are important for supporting RHI applicants:

- **Knowledge of Indigenous housing:** The Indigenous organization interviewed felt that applicant support at CMHC had been declining for many years. CMHC often does not have a specialist in Indigenous housing available or has a specialist who is from a different province and is unfamiliar with housing in the applicant's area.

- **Housing experience of staff:** Some interviewees felt that CMHC staff were often unfamiliar with housing sector norms, especially around timelines and liabilities. This is evident in the very tight application deadlines and construction timelines and the request that applicants

accept the liabilities of partner organizations, something municipalities cannot do without council approval.

- **Intersectionality:** Application forms asked applicants to indicate their target populations. However, the forms did not recognize that target populations can be part of multiple groups (e.g., a target group might be both 'senior' and 'Indigenous').

While grantees were able to work with CMHC to navigate these gaps due to CMHC's flexibility and responsiveness, applicants felt that these factors contributed to a 'back and forth' that made the process more burdensome. In some cases, organizations (particularly Indigenous housing providers) felt that they did not get enough support from CMHC during the application process. Inflexible forms led to applicants making very broad statements about their target groups (e.g., 'those in housing need'), leading to less nuanced information about who is receiving the units.

Interviewees felt that CMHC could better serve applicants by continuing to build internal capacity and knowledge in the areas identified above, ensuring representatives have sufficient context and knowledge to support grantees, especially those serving specific priority groups. This would ensure that applicants who serve priority groups are supported throughout the program and decrease the burden on applicants of applying.

4.4 Application process and adjudication

While CMHC was seen as responsive in the application stage, interviewees identified several gaps in the RHI application process:

- **Contracts:** One municipality mentioned that contract documents were about three to four times longer than their existing housing contracts with their provincial government. The added length required organizations to spend more on legal fees (one non-profit spent $10,000 on legal services). Some interviewees noted that CMHC was unwilling to amend the terms of contracts; some applicants ultimately signed contracts with terms they felt placed an unfair amount of risk on their organization.

- **Pre-determined funding allocations:** Several interviewees told us that the determination of funding allocations for the Major Cities Stream was a 'political decision,' which suggests that some applicants may feel the decisions were made to serve the interests of those in power rather than aligned with need.

- **Application scoring:** The RHI's application scoring rubric awarded additional points for longer commitments to preserving the affordability of their project's units and to those with access to capital outside of the RHI contribution. The organizations that can make the longest commitments are those that have predictable access to the most capital. Several interviewees shared the insight that this exacerbates inter-jurisdictional inequality in housing supports by favouring applicants in municipalities and provinces that offer relatively more support for community housing providers.

- **Timelines between application submission and decision:** RHI grantees felt that CMHC took too much time in making decisions on the applications. Grantees felt it was unfair for CMHC to spend up to four months reviewing the applications that they only had 30 days in Phase 1, or 60 days in Phase 2, to prepare. This increased the burden on organizations as they sometimes had to hold land longer without any certainty of the success of the application

The interviewees identified several opportunities to improve the application process and adjudication. Interviewees suggested that CMHC meet with stakeholders to ensure that contracts do not unfairly burden applicants and application scoring does not unfairly penalize applicants from some jurisdictions. To decrease application response time, one organization

suggested that application decisions could be made on a rolling basis, provided Indigenous housing providers had a separate stream. Finally, most of the interviewees pushed for increased transparency in how Major Cities Stream allocations are determined and an ongoing transparent database to see application details and program status.

These changes could distribute funds more evenly across Canada and share the risk between grantees and CMHC more equally. Increasing transparency around determination of Major Cities Stream allocations and creating a database of organizations' project status would increase perceived fairness among applicants and enable additional stakeholders to support RHI grantees. Ultimately, making the process more transparent would improve data monitoring, accountability and visibility.

4.5 Broadening reach among Indigenous organizations

As outlined in the Companion Report, RHI distributed a substantially greater proportion of funding to Indigenous groups than other NHS affordable housing supply programs like RCF or NHCF. However, interviewees still felt that there was a lack of awareness of the RHI program and CMHC support among Indigenous groups. Additionally, stakeholders felt that there was insufficient time for non-profits or municipalities to partner with Indigenous groups for the application. Interviewees speculated that many Indigenous organizations did not apply because of these factors.

The Companion Report also highlighted that Indigenous people in Canada disproportionately experience housing need and homelessness and are over-represented in shelters. There is a desire from interviewees that the RHI continues to serve Indigenous people and encourages more applications from Indigenous housing providers.

Two interviewees, including one Indigenous organization, suggested a separate Indigenous stream, or pool of grant funding, under the RHI. CMHC should continue to work and build partnerships with Indigenous communities to make sure the RHI program is working as effectively as it can be for Indigenous people. Understanding what barriers may prevent Indigenous organizations from applying consistently could help ensure that the RHI program continues to serve Indigenous peoples.

Conclusions

Overall, the interviews conducted for this report found considerable support for the RHI, which was generally viewed as a responsive, flexible and accessible program that is effective in addressing deep housing need. There was overwhelming support for its long-term continuation.

Going forward, interviewees cited several factors that they feel make the program work well:

- **Offering contributions.** Interviewees felt that a significant contribution funding stream was long overdue, other NHS programs would benefit from a contribution funding stream and that it would be nearly impossible to have as deeply affordable units without contribution funding. The RHI enabled the creation of 10,254 new deeply affordable units for at least 20 years.

- **CMHC's responsiveness and flexibility.** Crucial rapid changes to the RHI program were made between Phase 1 and 2, which is a rarity, enabling affordable housing units that were not eligible for Phase 1. Interviewees welcomed CMHC's flexibility with reasonable timeline overages that were much needed, especially in the context of COVID-19, and would welcome them in other NHS programs.

- **Upfront federal-to-municipal funding in the Major Cities Stream.** Direct federal-to-municipal funding means there are fewer intermediaries to delay the flow of funds to housing providers. In regions where affordable housing is less of a priority, RHI encouraged engagement and mobilization around affordable housing and encouraged cities to build new community partners.

- **Maintaining current RHI affordability definition.** The RHI's affordability criterion targets vulnerable populations and those in severe housing need. Many providers may not have met this criterion if the RHI did not mandate it. NHS programs intended to address need among these groups could consider using this definition.

The following additions and changes would improve the RHI from the recipient/applicant perspective. They may lead to the delivery of more, better quality units, delivered by a wider range of organizations:

- **Improved predictability of funding.** Knowing when funding will become available, for both the RHI and other NHS programs, between three to five years in advance would allow potential applicants to build relationships and secure land and materials. It would also reduce competition for land and materials among applicants and improve organizational readiness in advance of the program.

- **Strengthened funding agreements.** Providing deeply affordable units means that organizations must provide deep rent subsidies. This may leave insufficient funding for operational supports that can improve the wellbeing of vulnerable tenant groups. Providers would also benefit from having access to a contingency fund to account for reasonable budget overages. Increased access to operational funding and contingency funding would enable smaller, first-time organizations and Indigenous housing providers to apply for the RHI.

- **Continue to improve CMHC's organizational support.** As CMHC moves toward directly funding the construction of new affordable housing, it should continue to develop its organizational capacity and staff expertise in the housing sector. This would enable CMHC to offer targeted support for applicants and deepen its understanding of housing issues across the provinces and territories, providers and vulnerable groups.

- **Increase the transparency and fairness of the application process:** As the RHI program moves into Phase 3, CMHC should review contract language and application scoring with stakeholders to ensure it doesn't unfairly penalize applicants from certain jurisdictions. Interviewees want to see transparency around the Major Cities Stream's pre-determined allocations. Stakeholders would ideally also like to have an accessible database listing successful applicants and planned number of units. Additional information on funding allocations, target populations and unit types would benefit providers and researchers alike and could build public buy-in for programs like the RHI.

- **Broadening reach among Indigenous organizations:** As Indigenous people in Canada are disproportionately affected by homelessness, CMHC should reach out and build relationships with Indigenous stakeholders to explore what barriers may be preventing additional organizations from applying, ensuring that the RHI continues to serve Indigenous peoples.

Blueprint