

Evaluation of the Rapid Housing Initiative

August 2025



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Executive Summary

Purpose of the Evaluation

The evaluation of the Rapid Housing Initiative (RHI) was undertaken to determine whether the RHI was on track to achieve its intended outcomes, to identify lessons learned to support Canada Mortgage and Housing Corporation's (CMHC) delivery of affordable housing programs, and to provide evidence-based policy advice to support Housing, Infrastructure, Communities Canada (HICC) for increasing the supply of affordable housing. The evaluation was conducted by CMHC Evaluation Services with support from Kelly Sears Consulting Group.

Program Description

Funding for the RHI was allocated in three separate rounds, announced in 2020 (RHI-1), 2021 (RHI-2), and 2022 (RHI-3), as part of the Government of Canada's response to urgent housing needs resulting from the COVID-19 pandemic and the lack of affordable housing supply in the market. A total of \$1 billion was committed to RHI-1, with an additional \$1.5 billion for RHI-2, and a further \$1.5 billion allocated for RHI-3. In each round, funding was dispersed through two streams: the Cities Stream and the Projects Stream. Funding through the Cities Stream was provided directly to preselected municipal governments with the highest incidence of homelessness. For the Projects Stream, proponents were required to submit an application that was scored on specific criteria. Applications that received the highest scores were selected for funding.

Evaluation Scope

The evaluation focused on RHI-1 and RHI-2 as funding for RHI-3 had not been committed when data collection for the evaluation commenced in January 2023. The evaluation covered questions relating to relevance, sustainability, effectiveness, and efficiency from the program's inception in December 2020 to November 2023. As program data was collected up to November 2023, it does not reflect the program's current progress against targets as reported on the Housing, Infrastructure and Communities Canada's National Housing Strategy (NHS) website, which is updated quarterly.

The evaluation used a mixed-methods approach. The methods included:

- Administrative data and program documentation review
- External literature review
- Key informant interviews with CMHC staff and RHI funding recipients
- Surveys of proponents, tenants, and external stakeholders (for example, national Indigenous organizations)
- Efficiency analysis

Summary of Findings, Recommendations, and Key Considerations

There continues to be a need for a program such as the RHI that funds the rapid construction of affordable housing to meet the needs of priority groups experiencing, or at risk of homelessness, or likely to be living in severe housing need. As of November 2023, RHI-1 and RHI-2 funded 552 housing projects and supported the construction of 10,298 units of affordable housing, exceeding the target of 7,500 units¹. The RHI funded more units than planned, as proponent equity, land, and other funders reduced the amount needed from RHI contributions.

RHI projects are committed to remaining affordable for at least twenty years and will continue to house priority populations. The fact that the RHI provided a maximum contribution of 100% of construction costs means these projects benefit from not having repayment costs, which allowed for more affordable units.

About one-half of projects in RHI-1 and RHI-2 were led by Indigenous governing bodies, and almost all of these were led by First Nations governments. Very few projects were led by Métis or Inuit organizations, which may be attributed to the way the RHI application process and scoring grid was constructed.

The RHI program has succeeded in supporting the construction of housing targeting priority populations under the NHS. The main priority groups served by the program are Indigenous peoples, primarily First Nations (42% of all units under RHI-1 and RHI-2), followed by homeless people or those at risk of homelessness (26%) and seniors (12%). It is important to note that all priority groups are at a higher risk of homelessness, however, these groups were primarily targeted by RHI projects.

As of November 2023, a relatively low percentage of projects achieved their targeted construction timelines. There were several economic factors that contributed to this, including shortages in construction labour, global supply chain disruptions, and rapidly rising construction costs throughout the pandemic. However, key informants agreed that it was a good idea to set an ambitious target, and proponents were focused on completing their projects as quickly as possible.

Overall, key informants indicated that the RHI was well designed and administered, although the 12-month completion target limited both the number and types of projects that could be considered for funding. For new construction, this meant that proponents had to have shovel-ready projects in hand to apply to the program. If the RHI program were to continue beyond round 3, proponents recommended that the program be made permanent, which would enable long-term planning and create a stream of well-developed project opportunities. Proponents were generally positive toward the RHI's reporting requirements. However, despite regular communication with proponents every three months during the construction phase, it was suggested that CMHC should consult with them more frequently during the reporting stage to identify issues. Finally, detailed information at the unit level would be beneficial to have an in-depth assessment of the program's performance and achievement of objectives.

¹ Given that program data was collected up to November 2023, the number of units reported in the evaluation are lower than those currently shown on the Housing, Infrastructure and Communities Canada NHS website.

The evaluation provides the following recommendation and key consideration:

Recommendation

Continue the development of a data strategy to ensure accurate information on unit occupancy and post-construction validation to report on RHI achievements.

Key consideration

Future programs/funding streams with similar objectives to RHI could consider: a continued rapid completion goal; multi-year funding rather than annual funding allocations; and broader inclusivity and eligibility criteria for applicants, specifically better support for Métis and Inuit applicants.

Policy considerations were shared with Housing, Infrastructure and Communities Canada's (HICC), pursuant to HICC's assumption of the leadership role in housing policy for the Government of Canada.

Overview of the Evaluation

This report presents the results of the evaluation of the CMHC-delivered Rapid Housing Initiative (RHI). The evaluation was carried out between November 2022 and November 2023 and was conducted by CMHC Evaluation Services with support from Kelly Sears Consulting Group.

Purpose: The evaluation was undertaken to determine whether the RHI was on track to achieve its intended outcomes, to identify lessons learned to support CMHC's delivery of affordable housing programs, and to provide evidence-based policy advice to support HICC in increasing the supply of affordable housing.

Scope and methodology: The evaluation examined questions pertaining to the relevance, coherence, sustainability, effectiveness, and efficiency of the RHI.

The evaluation focused on RHI-1 and RHI-2 as funding decisions for RHI-3 had not been committed when data collection commenced. Data used to inform this report included the period between program inception to November 2023.

The evaluation methodology comprised a document and literature review, a review of program administrative data, key informant interviews, surveys of project proponents and tenants, and an efficiency analysis.

Acronyms and abbreviations are provided in Annex A: Acronyms and Abbreviations. Terms and definitions related to the RHI are provided in Annex B: Key Definitions.

Program Profile

Context

The RHI commenced in the fall of 2020 and was delivered by CMHC through the NHS. The RHI was part of the federal government's response to urgent housing needs resulting from the COVID-19 pandemic and a lack of affordable housing supply, specifically for priority populations and people at risk of, or experiencing, homelessness.

Funding for the RHI was allocated in three funding rounds with \$1 billion committed to RHI-1, an additional \$1.5 billion for RHI-2, and a further \$1.5 billion for RHI-3.

A call for applications for the projects stream was made under RHI-1. At the time, the program was over-subscribed; therefore, projects for RHI-2 were selected from applications that were not funded under RHI-1. A call for Projects Stream applications was also made under RHI-3.

In each round, funding was allocated through two streams: the Cities Stream and the Projects Stream. Funding through the Cities Stream was provided directly to preselected municipal governments across Canada. Preselection was based on incidences of renters in severe housing need. For the Projects Stream, proponents were required to submit an application that was assessed and scored on specific criteria. Applications that received the highest scores were selected for funding.

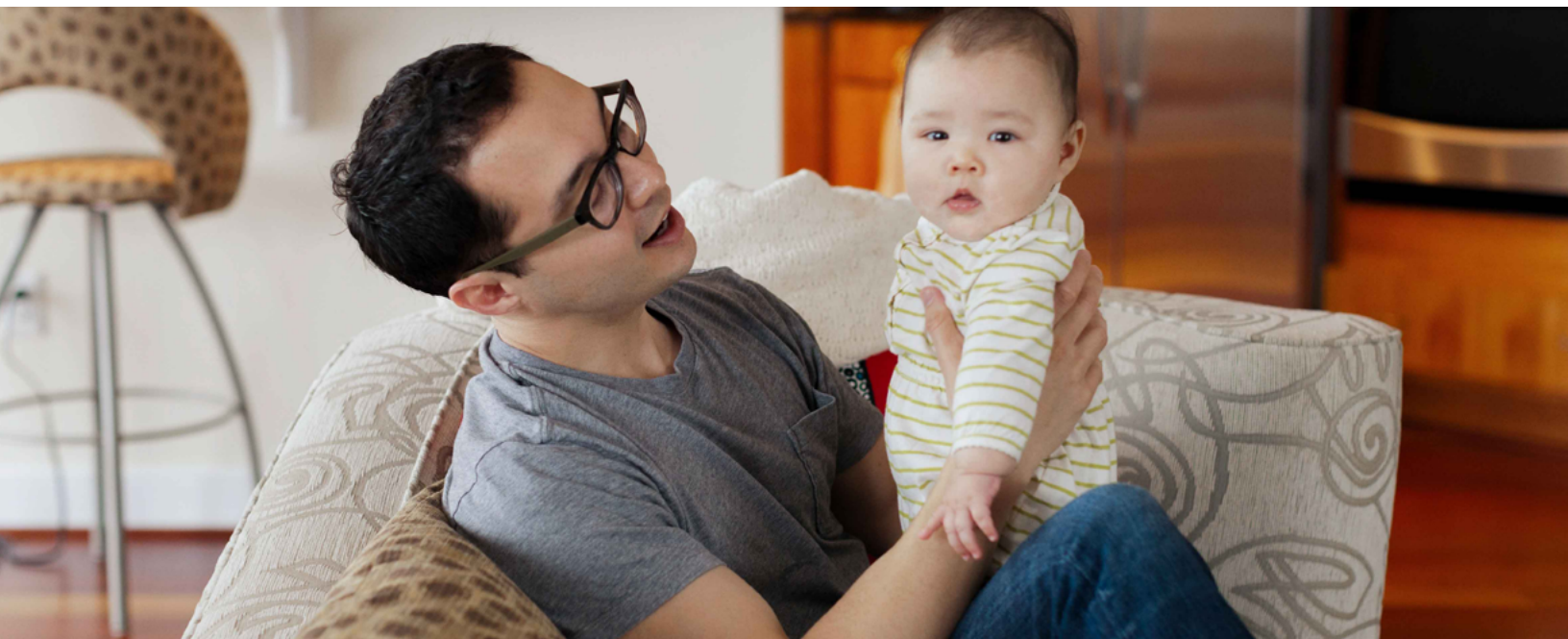


Program Objectives

RHI-1 had a target to create 3,000 new housing units, while RHI-2 targeted 4,500 new units. The logic model depicting RHI outcomes can be found in [Annex C: Logic Model](#).

The key objectives of the RHI were to:

- support the creation of permanent affordable housing for members of priority populations under the NHS, especially people at risk of, or experiencing, homelessness. These priority populations include women and children fleeing domestic violence, seniors, young adults, Indigenous peoples, people with disabilities, people dealing with mental health and addiction issues, veterans, LGBTQ2+, racialized groups, Black Canadians, and recent immigrants or refugees. RHI-2 also required at least 25% of funding to go toward projects for women and/or women and their children;
- target households that are, or otherwise would be, in severe housing need (SHN). SHN is a subset of core housing need where households pay 50% or more of their before-tax income for their dwelling and their housing falls below at least one of the core housing need adequacy, suitability, or affordability standards and would have to spend 30% or more of their before-tax income to pay the median rent of alternative acceptable housing;
- cover the construction of new, permanent, affordable housing units, as well as the acquisition of land, and the conversion of non-residential buildings to residential units and the rehabilitation of existing buildings to affordable housing that would have otherwise been lost from the housing stock; and
- aim to commit all funds to ensure building occupancy is achieved in 12 months with the exception of 18 months for projects in the North or remote locations. This increased to 18 months under RHI-3 with the exception of 24 months for northern and remote projects. For all rounds of funding, exceptions were made on a case-by-case basis to accommodate reasonable barriers to delivery (for example, permitting delays, securing operational funding, required community consultations, delays in the supply chain or limited access to materials, especially due to the COVID-19 pandemic).



Eligible Applicants

Eligible applicants for the funding were categorized into two streams:

Cities Stream

All proponents under the Cities Stream were municipalities. Municipalities received predetermined funding allocations based on their incidences of severe housing need. They were permitted to flow funding to an intermediary such as a non-profit, provincial/territorial, or municipal housing corporation. Under RHI-1, 15 municipalities received allocations to fund eligible projects, which increased to 30 under RHI-2.

Projects Stream

Eligible applicants under the Projects Stream included:

- non-profit housing organizations;
- municipalities;
- provincial and territorial governments; and
- Indigenous governing bodies.

Eligible Projects and Costs

Eligible property types included:

- standard rentals
- mixed use (RHI does not fund non-residential costs)
- transitional housing, provided tenancy is for at least 3 months at a time
- permanent supportive housing
- single room occupancy (SROs)
- independent seniors living that requires light to no care

Eligible costs included:

- new construction of residential rental housing, which may include the acquisition of land;
- acquisition of land and buildings for the purpose of conversion of non-residential (for example, a hotel or motel) to affordable multi-residential;
- acquisition of land and buildings in disrepair or abandoned (and in both cases had been uninhabitable and lost to the housing stock) for rehabilitation to affordable multi-unit residential;
- costs related to the predevelopment and preconstruction (for example, environmental site assessments, consultant, architectural and engineering reports); and
- RHI funding that could not be used for ongoing operational expenses.

RHI-1 required modular housing, while RHI-2 and RHI-3 were broadened to support the construction of any type of permanent new affordable residential housing. For all property types, housing must be permanent in nature. Temporary accommodations where tenancy is limited to a predetermined period of three months or less (such as shelters) were ineligible. Other ineligible property types included student housing, homeownership or mixed tenure, and seniors' facilities with a primary focus on delivering health care.

Eligibility Criteria

RHI applicants were required to meet the following requirements:

- **Affordability:** All units must be affordable (that is, the household must pay less than 30% of gross income on housing costs). Affordability must be maintained for 20 years.
- **Priority populations:** All units must serve priority populations (targeted under the NHS) and who are also, or otherwise would be, in severe housing need or people experiencing or at high risk of homelessness or living in temporary shelters throughout the COVID-19 pandemic.
- **Expediency:** Under both RHI-1 and RHI-2, recipients had to demonstrate the ability to deliver units within 12 months from the approval of projects (Cities Stream) or the effective date of the contribution agreement (Projects Stream). Delivery is defined as the receipt of an occupancy permit or equivalent. Northern and special access proponents were given 18 months to complete their projects, recognizing the difficulties associated with constructing units in these areas (for example, permitting delays, securing operational funding, required community consultations, delays in the supply chain or limited access to materials).
- **Energy efficiency:** Under the Cities Stream, new construction projects were expected to meet a minimum energy efficiency of 5% or more above the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or meet the local/regional standards, whichever was higher. Under the Projects Stream, new construction projects that could exceed the NECB or local/regional standard, whichever is higher, received greater priority. Conversions/rehabilitations were exempt from these requirements.
- **Accessibility:** Under the Cities Stream, new construction projects were required to provide an additional 5% (or more under RHI-2) of accessible units above the local accessibility requirements. Under the Projects Stream, new construction projects that exceeded local accessibility requirements received greater priority. Conversions/rehabilitations were exempt from these requirements.

Assessing Applications

CMHC scored RHI applications under the Projects Stream against several criteria. The highest-scoring criteria were the following:

- **Need:** Defined as the percentage of renter households in severe housing need (measured at the census division / subdivision of the project market area). Applications demonstrating need at greater than 3%, as well as applications on Indigenous land, in the North, or in remote areas were given the highest points.
- **Duration of confirmed operating subsidy:** Applications that confirmed greater than 20-year affordability were given the highest points.
- **Cost sharing:** Applications requesting RHI funding at 100% were given zero points while those requesting less than 60% were given the highest points.
- **Expediency:** Projects projected to be completed within six months were given the highest points.

Program Funding

The RHI provided up to 100% of requested funding to projects in capital contribution dollars.

- For RHI-1, \$1 billion was split evenly between the Cities Stream and Projects Stream. All funds were committed by March 31, 2021.
- For RHI-2, an additional \$1.5 billion was allocated to the program, with \$500 million allocated to the Cities Stream and \$1 billion to the Projects Stream. All funds were committed by March 31, 2022.
- For RHI-3, a further \$1.5 billion was allocated, with the same split between the two streams as RHI-2. All funds were to be committed by March 31, 2024.

Overview of Projects in Scope for the Evaluation

As of November 2023, the evaluation examined a total of 552 approved projects, with 232 (42%) funded under RHI-1 and 320 (58%) under RHI-2 (table 1). These 552 projects supported the construction of a total of 10,298 units, well above the 7,500 units targeted². The total RHI contribution was \$2.296 billion with the remaining allocated amount dedicated to program administration costs. While the total approved cost of the 552 projects was \$3.343 billion, RHI's share was 68.7% of the total approved costs. As discussed later, the actual total costs of these projects were somewhat higher, as proponents incurred additional costs between the time of project approval and the completion of construction.

Table 1: Overview of RHI projects and Financial Contribution (November 2023).

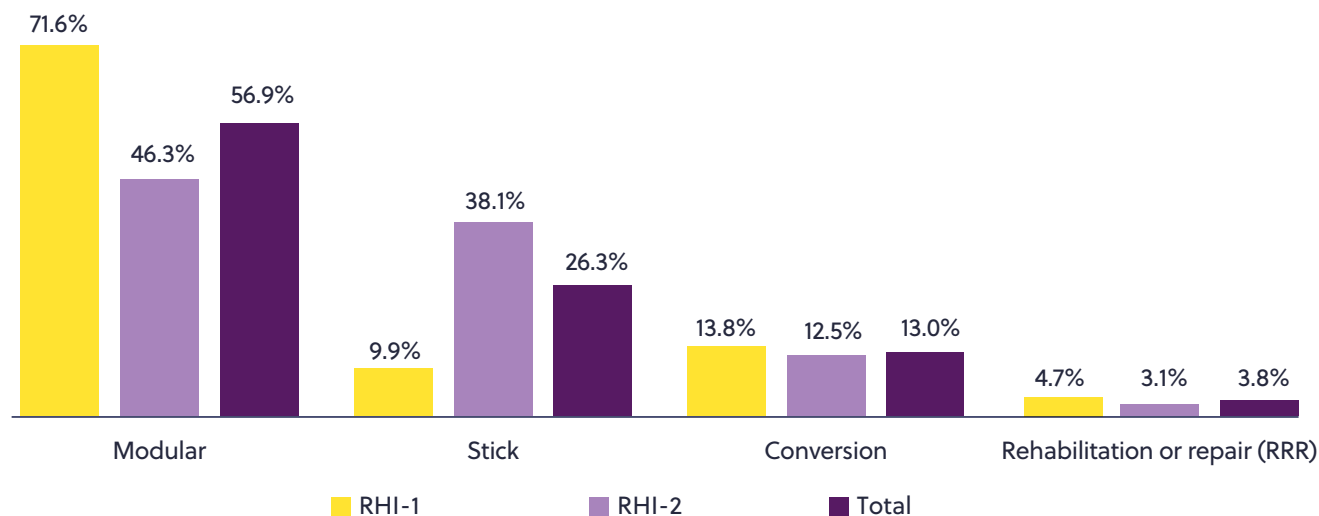
Program	RHI-1	RHI-2	Total
# of Projects	232	320	552
RHI Contribution (\$B)	\$0.848	\$1.447	\$2.296
Total Project Costs (\$B)	\$1.359	\$1.983	\$3.343

The following figures (figures 1, 2, and 3) show the key characteristics of RHI-1 and RHI-2 projects. New build projects are either modular or stick build³. Modular was required under RHI-1; however, exceptions were given for some projects where it was not feasible to complete a modular build (for example, projects in the North or in remote locations). For RHI-2, stick-built construction was allowed under the program.

² Given that program data was collected up to November 2023, the number of units reported in the evaluation are lower than those currently shown on the Housing, Infrastructure and Communities Canada NHS website.

³ Modular is defined as housing units that are partially or fully built off-site (for example, in a factory, warehouse, or similar facility) by a qualified manufacturer and delivered to the site in whole or in parts and installed on an appropriately zoned and serviced lot. This may range between single, scattered units up to larger multi-unit housing projects. Stick build refers to a building that is constructed on the construction site after the design phase and a contractor is hired to build it. This process is commonly known as "on-site," "site-built," "stick-built," "conventional," or "traditional" construction.

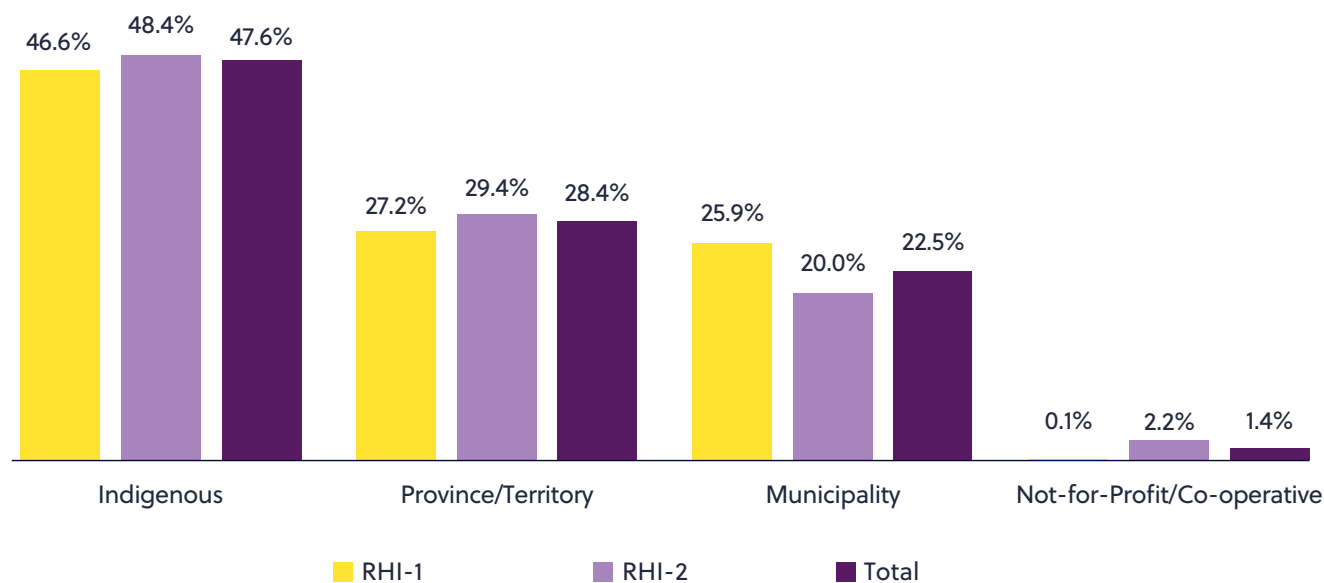
Figure 1: Distribution of Project Construction Types Across RHI-1 and RHI-2



Across both RHI-1 and RHI-2, over one-half (56.9%) of projects were modular construction, while stick construction accounted for over one-quarter (26.3%) of projects. Thirteen per cent (13%) of projects were conversions, while 3.8% were rehabilitated or repaired⁴. While modular construction was a requirement under RHI-1, stick-built accounted for 9.9% of projects, as exceptions were made on a case-by-case basis. Under RHI-2, the requirement to use only modular construction was removed, and the percentage of projects using stick-built construction increased to 38.1% of all new builds.

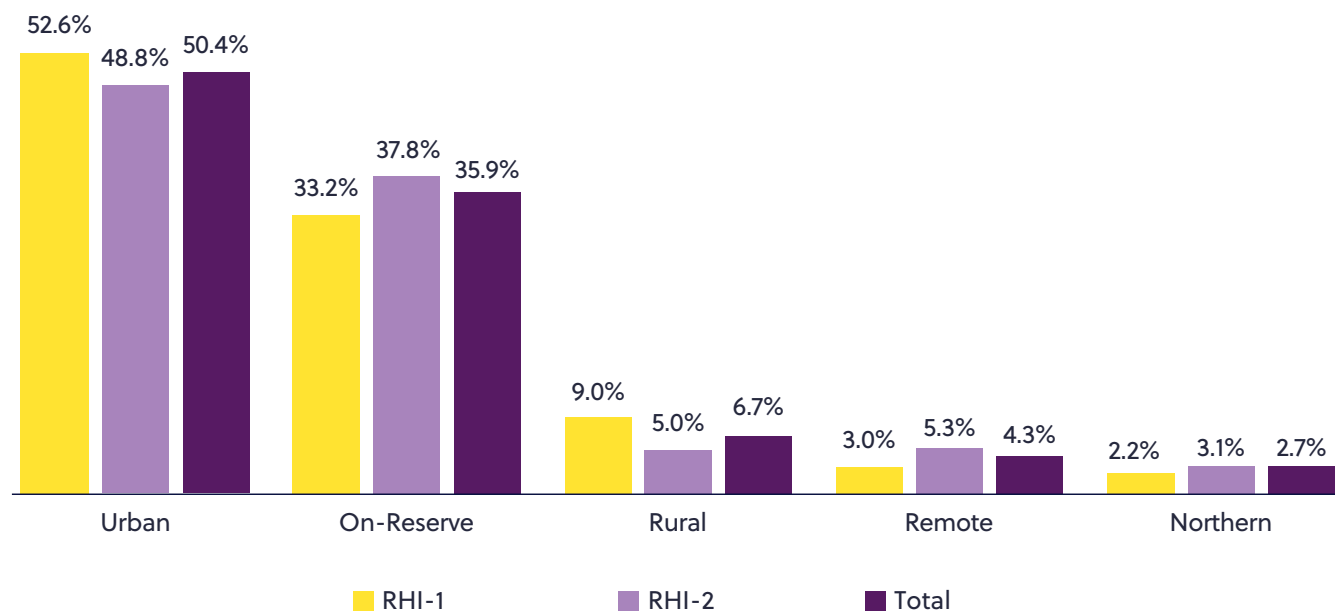
⁴ Conversion refers to the process of transforming a building from its current use (for example, commercial, industrial) into a residential use, or modifying a residential structure to increase the number of dwelling units. Repair and Rehabilitation encompasses the diverse scope of work needed to bring a home to a decent, safe, sanitary, and habitable condition, addressing health, safety, and durability issues.

Figure 2: Proponent Types Under RHI-1 and RHI-2



Across RHI-1 and RHI-2, about one-half (47.6%) of projects were led by Indigenous governing bodies, followed by provincial/territorial governments (28.4%) and municipalities (22.5%). Furthermore, very few projects were led by not-for-profit or co-operative housing providers (1%); however, these organizations were significantly involved in the Cities Stream as partners with municipalities or who were appointed by a government entity to lead the project. Additionally, while almost half the projects were led by Indigenous governing bodies, very few were led by Métis or Inuit groups (5%).

Figure 3: Project Location Under RHI-1 and RHI-2



Overall, 50.4% of projects were in urban areas, while 35.9% were on-reserve. Rural projects accounted for 6.7% of projects, followed by remote at 4.3%, and Northern at 2.7%.

Table 2 below provides a breakdown of projects in the two streams (Cities and Projects) for RHI-1 and RHI-2.

The main observations are as follows:

- **Streams:** Of the total of 552 projects, 114 (20.7%) were Cities Streams projects and 438 (79.4%) were under the Projects Stream. The ratio was about the same in both RHI-1 and RHI-2.
- **Type of unit:** Under RHI-1, of the 23 new-build projects in the Cities Stream, all were modular construction, while 23 of the 166 new builds in the Projects Stream were stick-built. As noted above, CMHC permitted exceptions to the use of modular construction on a case-by-case basis. Under RHI-2, about half (21 of 41) of the new-build projects in the Cities Stream used stick-built construction. Stick-built construction continued to be popular in the Projects Stream, accounting for 101 (44%) of the 229 new build projects.
- **Proponent type:** Under RHI-1, all 51 Cities Stream projects were led by municipalities, as expected. Under RHI-2, of the total of 63 Cities Stream projects, 45 were led by municipalities and 18 by the Provinces and Territories. Of the latter, 15 were with the Province of Quebec (a requirement under M-30) and the other 3 were led by one of the territories.
- **Location:** Under the Cities Stream in both rounds, almost all projects were urban, as expected. Under the Projects Stream, On-Reserve projects accounted for 42.5% and 47.1% of projects in RHI-1 and RHI-2, respectively.
- **Province/Territory:** Across both streams, Quebec accounted for the largest number of projects (178 projects), followed by Ontario (136 projects) and British Columbia (65 projects).

Table 2: Key Characteristics of Projects in RHI-1 and RHI-2, by Stream

	RHI-1				RHI-2			
	Cities Stream		Projects Stream		Cities Stream		Projects Stream	
	#	%	#	%	#	%	#	%
Total # of Projects	51	100	181	100	63	100	257	100
Type of Unit								
Modular	23	45.1	143	79	20	31.7	128	49.8
Stick	0	0	23	12.7	21	33.3	101	39.3
Conversion	23	45.1	9	5	18	28.6	22	8.6
RR	5	9	6	3.3	4	6.3	6	2.3
Proponent Type								
Indigenous	0	0	108	59.7	0	0	155	60.3
Province/Territory	0	0	63	34.8	18	28.6	76	29.6
Municipality	51	100	9	5	45	71.4	19	7.4
Not-for-Profit/ Co-operative	0	0	1	0.6	0	0	7	2.7

	RHI-1				RHI-2			
	Cities Stream		Projects Stream		Cities Stream		Projects Stream	
Location								
Urban	51	100	71	39.2	62	98.4	94	36.6
On-Reserve	0	0	77	42.5	0	0	121	47.1
Rural	0	0	21	11.6	0	0	16	6.2
Remote	0	0	7	3.9	0	0	17	6.6
Northern	0	0	5	2.8	1	1.6	9	3.5
Province/Territory								
Quebec	14	27.5	80	44.2	15	23.8	69	26.8
Ontario	19	37.3	21	11.6	26	41.3	70	27.2
British Columbia	5	9.8	25	13.8	5	7.9	30	11.7
Alberta	5	9.8	9	5	3	4.8	28	10.9
Manitoba	5	9.8	10	5.5	3	4.8	16	6.2
Saskatchewan	0	0.0	9	5.0	3	4.8	13	5.1
Nova Scotia	3	5.9	5	2.8	3	4.8	9	3.5
New Brunswick	0	0.0	11	6.1	0	0.0	4	1.6
Newfoundland & Labrador	0	0.0	2	1.1	2	3.2	6	2.3
Nunavut	0	0.0	2	1.1	1	1.6	6	2.3
Yukon	0	0.0	4	2.2	1	1.6	4	1.6
Northwest Territories	0	0.0	1	0.6	1	1.6	1	0.4
Prince Edward Island	0	0.0	2	1.1	0	0.0	1	0.4

Evaluation Questions

The evaluation focused on the four key evaluation issues of relevance and coherence, sustainability, effectiveness, and efficiency. The evaluation matrix that lists the indicators for each evaluation questions can be found in [Annex D: Evaluation Matrix](#).

Relevance and Coherence

1. To what extent is there a continued need to rapidly increase the supply of housing for low-income residents?
2. To what extent is the program complementary to / duplicative with other NHS programs and non-NHS programs?

Sustainability

3. To what extent are the projects funded under the RHI sustainable?
4. To what extent is the RHI program sustainable?

Effectiveness

5. To what extent is the RHI achieving its intended outcomes?

Efficiency

6. Are there more efficient ways to design or deliver the RHI?

Evaluation Methodology

The evaluation was conducted using a mixed-methods approach that included a review of administrative data and program documentation, an external literature review, key informant interviews with proponents and CMHC program staff, surveys of project proponents, tenants, and national Indigenous organizations (NIOs), and an efficiency analysis. These methods are described below.

Administrative Data and Documentation Review

The review of background documents and administrative data was used to prepare the program profile and provided input to address many of the evaluation questions.

External Literature Review

An in-depth literature review was conducted that focused on the evaluation questions pertaining to relevance and efficiency. An iterative search of online sources was used to collect potentially useful documents using combinations of relevant search terms, focusing on documents published within the past ten years in North America and Europe. Google, Google Scholar, and other online sources were used in the various searches. Document abstracts, highlights and conclusions were used to check for relevance and to identify possible additional sources using document citations, authors and/or organizations. The potentially relevant documents were then scanned to identify subsets of the most applicable material.

Key Informant Interviews

A total of 45 key informant interviews were completed with CMHC staff members (18) and RHI project proponents (27). Project proponents were selected from both the Cities and Projects streams to reflect a balance across funding allocations. The respondents in the Projects Stream consisted of a mix of First Nations and not-for-profit affordable housing providers.

The breakdown of the number of interviewees by segment is shown in table 3.

Table 3: Breakdown of Key Informants interviewed by Segment

Segment	# of Interviewees
CMHC	18
Project Proponents	
Cities Stream	15
Projects Stream	12
Total Number of Key Informants Interviewed	45

Separate interview guides containing open-ended questions were developed for the internal CMHC interviews, Cities Stream proponent interviews and Projects Stream proponent interviews.

Interviewees were selected randomly; however, careful consideration was taken to ensure there was representation across geographies (province, territory, northern regions, remote locations, and urban areas), project type, project size, and varying stages of project completion. Interviewees were initially contacted by email. Most interviews were conducted using MS Teams or Zoom, with a few completed by telephone. Three proponents preferred to submit written answers to the questions in the guide. Interviews were conducted in the participant's official language of choice and were digitally recorded with their permission.

Surveys

Three surveys were conducted. A survey of project proponents (completion rate of 76/203 or 37%). A survey of RHI unit tenants (completion rate of 14/1247 or 1%), and a survey of national Indigenous organizations (completion rate of 2/16 or 12%).

Efficiency Analysis

The efficiency analysis focused on assessing if there was a more efficient way to design or deliver the RHI. This line of evidence analyzed data extracted from CMHC's administrative and financial databases, supported by information collected through other lines of evidence, such as program application data and external literature. The analysis examined the cost effectiveness of the program, impacts of the RHI design parameters on the efficiency of project completion and the costs incurred by CMHC in delivering the program.

Limitations

The main limitations and mitigation steps are as follows:

- **Data limitations.** The evaluation only had access to budgeted cost data for RHI projects, drawn from the contribution agreements with proponents or, for some data, verified through attestations and accessed via CMHC's application database. Construction costs often increased between the time of RHI application approval and commencement of construction, and data on actual costs was not collected. To assess the program's performance in achieving its objectives pertaining to energy efficiency and accessibility, the evaluation relied on information provided by proponent applications. Finally, data on the depth of affordability is not collected. Due to this lack of data, the evaluation relied on other lines of evidence to provide a complete picture on the extent the RHI is achieving its intended outcomes. It should be noted that collection of post-construction data on these requirements was implemented in Q3 2024.
- **Data collection.** Data for the evaluation was collected up to November 2023, with many projects from RHI-1 and RHI-2 at various stages of completion. Therefore, the report does not show an accurate depiction or conclusion of the final number of occupied units. Additionally, at the time of the evaluation, data on accessibility and energy efficiency was not available from post-construction reporting. Therefore, application data was used to inform the extent the projects were committed to meeting these requirements.
- **Information relating to several of the evaluation indicators was obtained from grey literature.** To the extent possible, the grey literature used came from independent sources and/or authors to minimize the likelihood of bias in the comparative analyses of the program. However, some sources came from industry association sites, which did carry with them some risk of bias, for example, relating to the use and economics of modular housing.
- **Limited input was obtained from tenants of RHI projects.** The response rate on the RHI tenant survey was extremely low. The evaluation services team did not have contact information for tenants living in RHI-funded buildings as the program is unable to collect this information for privacy considerations. For RHI projects funded through the Projects Stream, the evaluation team was able to administer a general mailout survey to RHI buildings using addresses on file. However, the evaluation team was not able to obtain addresses for Cities Stream or Indigenous projects. While the response rate is low, and not statistically representative of the tenant population, insights from this population are extremely useful for understanding the lived experience of those occupying RHI units, therefore, some insights were provided in this report.
- **No interviews were conducted with unsuccessful RHI applicants.** Although no interviews were conducted with proponents who did not receive any RHI-funding, this limitation was mitigated because interviews were completed with several proponents who were unsuccessful in RHI-1 but who later obtained RHI-2 funding. This was possible because RHI-2 projects were selected from unsuccessful applications to RHI-1. Feedback was also obtained from several national Indigenous organizations who represent many Indigenous governing bodies that applied to the RHI program and were unsuccessful.

Evaluation Findings

EQ 1: To what extent is there a continued need to rapidly increase the supply of affordable housing?

Finding 1:

There is an urgent need to increase the supply of affordable housing for priority populations. Over half a million Canadians live in severe housing need. Homelessness has become a serious issue in many cities across Canada.

Need for affordable housing among priority populations

The RHI focuses on funding the construction of new safe and affordable housing to meet the needs of priority populations experiencing homelessness, or at risk of homelessness. At its broadest, demand for affordable housing for priority populations is a function of the extent to which people are in core housing need or are experiencing homelessness. A household is in “core housing need” if its housing falls below at least one of the adequacy, affordability, or suitability standards⁵ and it would have to spend 30% or more of its before-tax income to pay the median rent of alternative local housing that meets all three of the acceptability standards. (CMHC, 2019)

In 2021, 1.45 million households were in core housing need (Statistics Canada, 2022a). Incidence rates among the provinces ranged from 6% (Quebec) to 13.4% (British Columbia). Territorial rates ranged from 13.1% (Yukon) to 32.9% (Nunavut).

⁵ **Adequacy:** Does not need major repairs, that is, does not have defective plumbing or electrical wiring, or is in need of structural repairs to walls, floors, or ceilings.

Affordability: Housing costs are less than 30% of before-tax household income.

Suitability: There are enough bedrooms for the size and makeup of resident households.



Table 4: Incidence of Households in Core Housing Need in Canada, 2021

Provinces/ Territories	Households in Core Housing Need	
	#	% of All Households
British Columbia	257,090	13.4%
Alberta	154,230	9.9%
Saskatchewan	41,895	10.3%
Manitoba	48,815	10.1%
Ontario	639,810	12.1%
Quebec	218,270	6%
New Brunswick	20,245	6.2%
Prince Edward Island	4,365	7%
Nova Scotia	41,465	10.0%
Newfoundland and Labrador	17,525	8%
Yukon	2,135	13.1%
Northwest Territories	1,960	13.2%
Nunavut	3,220	32.9%

Source: Statistics Canada (2022a).



Table 5 presents data from the 2021 Census on the incidence of core housing need among various priority populations (Statistics Canada, 2022a, August). In all cases, the incidence of core housing need among these population groups was greater than or equal to the average rate for all Canadian households.

Table 5: Incidence of Core Housing Need Among Priority Population Households

Priority Population Groups	Households		
	Total Number	# in Core Housing Need	% in Core Housing Need
Youth-led households (<24 years)	364,530	49,195	13.5%
1-person households	124,025	22,315	18%
Senior-led households (≥65 years)	4,060,675	479,725	11.8%
1-person households	1,647,690	362,045	22%
Indigenous-led households ¹	752,940	97,275	12.9%
Racialized-led households ²	3,371,225	452,580	13.4%
Black-led households ³	500,275	82,865	16.6%
Migrant-led households (primary home maintainer immigrated 2016–2021)	395,160	63,465	16.1%
Refugee claimant-led households	456,685	88,005	19.3%
CANADA	14,355,560	1,451,025	10.1%

*Note that Statistics Canada census categories are defined differently than NHS priority populations.

¹ Either a non-family household in which ≥50% of household members self-identified as Indigenous people, or a family household that meets ≥1 of 2 criteria: (a) ≥1 married spouse, common-law partner, or lone parent self-identified as an Indigenous person; or (b) ≥50% of household members self-identified as Indigenous people. Excludes on-reserve housing.

² Either a non-family household in which ≥50% of household members self-identified as a visible minority or a family household that meets ≥1 of 2 criteria: (a) ≥1 married spouse, common-law partner, or lone parent self-identified as a visible minority; or (b) ≥50% of household members self-identified as a visible minority.

³ A household where the primary home maintainer self-identified as Black.

Source: Statistics Canada (2023a, August). HART - 2021 Census of Canada - Selected Characteristics of Census Households for Housing Need - Canada, all provinces and territories at the census division (CD) and census subdivision (CSD) level [custom tabulation].

For homelessness, the main source of data is provided by Point-in-Time (PiT) Counts. These are community-based snapshots of the number of people using the emergency shelter system, including transitional shelters and, to a lesser extent, living unsheltered or in temporary sleeping arrangements such as couch surfing (Employment and Social Development Canada [ESDC], 2021). The PiT counts also collect survey data on the demographics and life experiences of people experiencing homelessness. Some communities also compile data on women and children in violence against women shelters and people in hospitals and jails.

The evaluation reviewed community-level PiT counts compiled in 2018 and either 2020, 2021 or 2022⁶. Note that PiT counts were disrupted by the COVID-19 pandemic and many communities delayed their counts until 2021 or 2022. Differences in the time frame, scope, and scale of data collection between the two measurement periods as well as the effects of COVID-19 management actions mean that the results may not be directly comparable.

From the 2020-2022 PiT Count (Infrastructure Canada [INFC], 2024), 40,713 people were counted as experiencing homelessness across 72 communities and regions. Among the 67 communities and regions that conducted a count in 2018 and in 2020-2022, the overall number of people enumerated increased by 20% (INFC, 2024).

However, communities' PiT count reports often noted that apparent declines were more likely a reflection of COVID-19 public health measures, such as social distancing and the creation of temporary shelter spaces, and in some locations, border closures that led to fewer refugee and asylum applicants in the shelter system, which influenced the reliability of data collection.

Key informants from municipalities participating in the RHI Cities Stream frequently quoted recent statistics on homelessness in their communities. Edmonton had over 2,800, with over 700 unsheltered on any given night in 2022 (as also reported by the City of Edmonton, 2022). Toronto had over 10,000 in the winter of 2023 (as also reported by the City of Toronto, 2023). In the summer of 2023, over 2,000 people in Winnipeg experienced homelessness; Halifax had over 2,100 homeless, and even small cities such as Saint John, New Brunswick, with a population of just under 71,000 (2017) reported over 200 homeless that summer. In all cases, key informants stated that the number of homeless had increased considerably, compared with pre-pandemic levels.

⁶ The sources for the 2020/2021/2022 PiT counts are provided in Annex E.

Finding 2:

While all types of affordable housing are needed in Canada, the most urgent need is for permanent supportive housing, followed by transitional housing, as these types can meet the needs of the chronically homeless.

Need for the various types of affordable housing

Interviewees were asked to compare the need for the various types of affordable housing. There was general agreement among CMHC staff members and RHI proponents from both the Cities and Projects streams that while all types of affordable housing are required across Canada, the greatest need is for permanent supportive housing, followed by transitional housing (with provision of support services). The findings for each type of affordable housing are outlined below.

Permanent supportive housing combines access to permanent, safe housing arrangements with access to wraparound support services. People most likely to need this housing are typically people experiencing chronic and episodic homelessness; people at risk of homelessness and experiencing mental or physical health challenges and/or addiction issues; people released from institutional care without access to permanent housing; youth aging out of welfare; and women and children fleeing domestic violence (National Academies of Sciences, Engineering, and Medicine, 2018).

Those who are chronically homeless are a key group in need of permanent and transitional supportive housing due to their low incomes and high likelihood of experiencing severe mental health, physical health and addiction issues (National Academies of Sciences, Engineering, and Medicine, 2018). Data on the incidence of people experiencing chronic homelessness and self-reporting mental health, physical health, and addiction issues published in a subset of the most recent PiT count reports was used to estimate that approximately

24,000 individuals experiencing chronic homelessness were most likely to need permanent supportive housing.

This number was based on the following:

- The estimated incidence of chronic homelessness, based on incidence rates for 21 of the 22 communities where at least 500 people were experiencing homelessness, was 63.3% of the total. Assuming these locations are representative of all 81 locations, the estimated number of people experiencing chronic homelessness was ~29,500.
- An estimated 81.1% of those in chronic homelessness experienced at least one mental health, substance use, illness or medical health, physical health, or learning/cognitive condition and, as such, were most likely to need supportive housing (based on the incidence rate in the 7 locations that published such data). Application of this proportion suggests that at least 24,000 people experiencing chronic homelessness are in need of supportive housing (Annex E).

Transitional housing provides one pathway from homelessness to permanent social and affordable housing by helping people to stabilize, develop life skills, obtain access to mental and physical health care, and determine the extent to which they may need permanent supportive housing or are able to move into independent living arrangements.

The literature search was not able to identify any quantitative national or provincial estimates of the immediate or longer-term needs for transitional housing. ESDC, and more recently, Infrastructure Canada, published annual reports on the stock of transitional shelter facilities and beds. The most recent data shows that there were 452 transitional shelters across Canada in 2021, with 8,150 beds. The number of facilities grew at an average annual rate of 10.2% from 2018 to 2021, while the number of beds increased at an average annual rate of 2.2%. Between 2020 and 2021, large increases in capacity were recorded in Quebec (+19%), Ontario (+17%), New Brunswick (+38%) and Nova Scotia (+18%), which were offset by reductions in Alberta (-36%), Manitoba (-33%), Northwest Territories (-32%) and British Columbia (-14%) (Infrastructure Canada, 2023a September).

Second-stage shelters for survivors of intimate partner violence are a separate and distinct category of transitional housing. Data compiled by Statistics Canada on violence against women shelters reported 121 facilities with 1,273 units in 2020/2021, including units able to house multiple residents, down slightly from 124 facilities with 1,314 housing units in 2017/2018

(Ibrahim, 2022). Recent assessments of the need for second-stage shelters, for example, by the Standing Committee on the Status of Women, identified a significant shortfall in capacity without estimating what quantity is required (Vecchio, 2019). These studies highlighted needs in rural, remote, northern and Indigenous communities as well as needs for increased funding levels for the operation of facilities and provision of services (Vecchio, 2019).

Single room occupancy (SRO) housing involves the provision of self-contained secure units or private rooms in combination with shared amenities. They are an updated form of rooming houses, also described as multi-tenant housing, in which people rent rooms and share cooking and/or bathroom facilities. Rooming houses have traditionally been an important source of affordable rental housing for low-income people living alone as well as other diverse communities, such as students, seniors and new immigrants. Many residents of rooming houses also require access to support services, such as drop-in services, social, health care, mental health, and employment support services.



The literature search did not find any published estimates of the level of need for SRO housing as a replacement for, and extension of, rooming house accommodation. Demand for this type of affordable housing is likely to be expanding, due to a combination of increases in homelessness and long-term decline in the number of rooming house establishments and rooms, which is often the only housing choice available to residents.

Studies for the major urban centres indicate a sustained decline in the stock. In response, various municipalities have implemented strategies to revitalize the existing stock (for example, City of Vancouver, 2017; Paradis, 2018). These initiatives often involve the acquisition and rehabilitation of privately owned facilities which are then operated by municipal housing authorities or not-for-profit housing services and provide more secure tenure and rent structures. Provision of, or facilitated access to, support services for residents is often included in their service offerings. Financial support from other levels of government for the acquisition of these properties, operating and maintenance costs, and subsidized rental arrangements is critical to the success of these initiatives.

Independent seniors living refers to affordable social housing provided by public agencies and not-for-profit housing organizations that also provide, or facilitate access to, supporting social and health services. Many seniors (people 65 years or older) have low incomes and are in a position where they need, or will need, this type of housing arrangement. Demand for affordable seniors' housing with support services is expected to increase as the number of seniors increases (ESDC, 2019; McCullough & Zell, 2021).

A lower-bound indicator of the level of need for seniors' independent housing is the number of seniors on a wait-list for social and affordable housing. The 2021 Census found that 1.8% of the 4.1 million senior-led households (~74,000) were on a wait-list for social and affordable housing (Statistics Canada, 2022b). An upper-bound indicator is probably the number of seniors living alone, in rental housing and in severe housing need. Data on the incidence of severe housing need among seniors living in core housing need could not be located, however. More broadly, 37% of renters in core housing need in 2021 were in severe housing need (Statistics Canada, 2022a). The rate is likely higher among seniors due to their incidence of living alone on low incomes. Applying this proportion to the 343,100 seniors in core housing need and living in rental housing would suggest that approximately 127,000 are potentially in need of seniors independent living arrangements.

Finding 3:

Usage of emergency shelters declined during the height of the pandemic but have since returned to pre-pandemic levels.

COVID-19 and homelessness

Governments at all levels used an array of short-term, emergency measures to enable homelessness support systems to respond to public health measures for COVID-19. Reductions to emergency shelter capacity limits required for social distancing were offset by the establishment of temporary accommodation arrangements. Provincial and federal authorities also increased funding for support services to people experiencing homelessness, including support to move people into permanent housing. These emergency support measures as well as broader economic measures reduced usage of emergency shelters during COVID-19 cycles in 2020 and 2021.

Data on emergency shelter use shows that permanent emergency shelter capacity dropped by 31% between 2019 and August 2020 (from 16,271 beds to 11,214), which reflected the impact of COVID-19-related social distancing requirements. By December 2021, capacity had recovered to 15,185 beds, 93% of the 2019 level (Infrastructure Canada, 2023a, September). During these same periods, the number of users fell by 26% from 2019 to 2020 and recovered slightly during 2021 to a level 21% below 2019 (Infrastructure Canada, 2023b, August). This data does not include the capacity of temporary shelters established to offset the forced reductions in permanent capacity nor the extent to which people experiencing homelessness were sleeping unsheltered or “couch surfing.” As a result, it is not possible to gauge the total impact of COVID-19 on shelter usage rates.



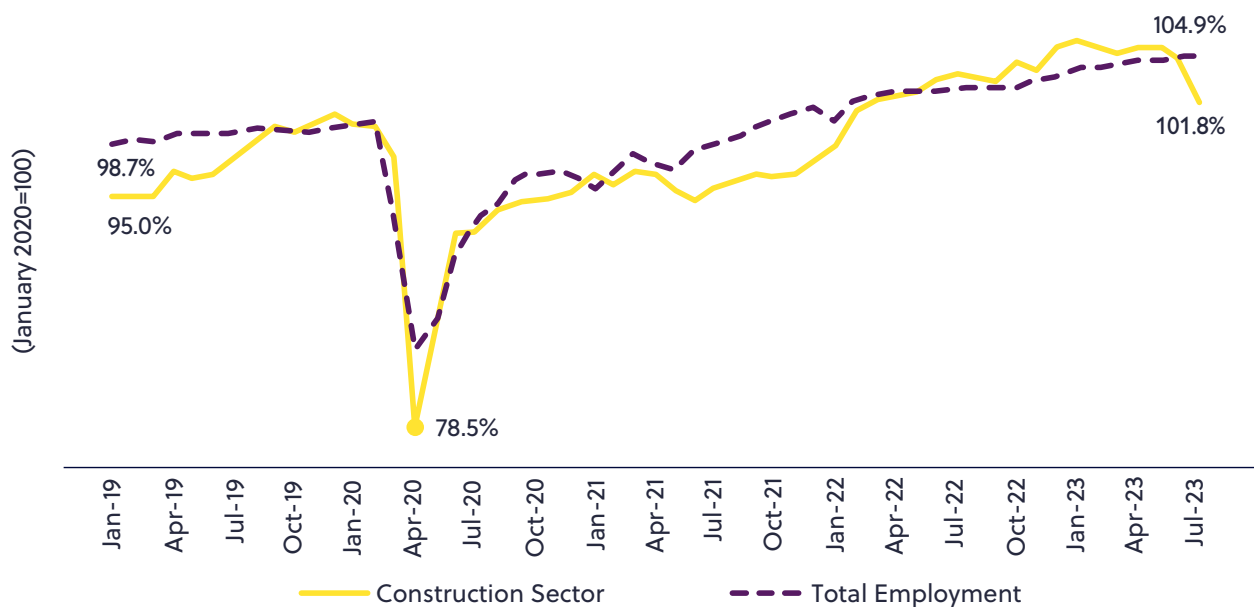
Finding 4:

COVID-19 had a significant negative short-term impact on employment in the housing industry. Unemployment rose sharply with the onset of the pandemic but returned to pre-pandemic levels by mid-2022. However, unemployment rates have since edged up as rising interest rates created a disincentive to create new housing.

Impacts of COVID-19 on the housing industry

The evaluation examined the impact of COVID-19 on employment and unemployment in the Canadian construction sector and found that between February and April 2020, seasonally adjusted construction employment fell by 21.5%, from 1.51 million to 1.19 million (Statistics Canada, 2023a, May). In comparison, employment in all industries fell by 16.3% during this same period. Employment levels recovered strongly in the following two months and continued to grow in most months in the second half of 2020 and through 2021 despite further waves of COVID-19. Easing of COVID-19 restrictions in early 2022 coincided with employment in the sector reaching the pre-pandemic employment peak in February 2022 and it continued to grow in most months through 2022 and early 2023. This recovery in construction employment followed the longer-term trend in total employment, albeit with more pronounced month-to-month fluctuations in the construction workforce (figure 4).

Figure 4: Trends in Employment (seasonally adjusted)

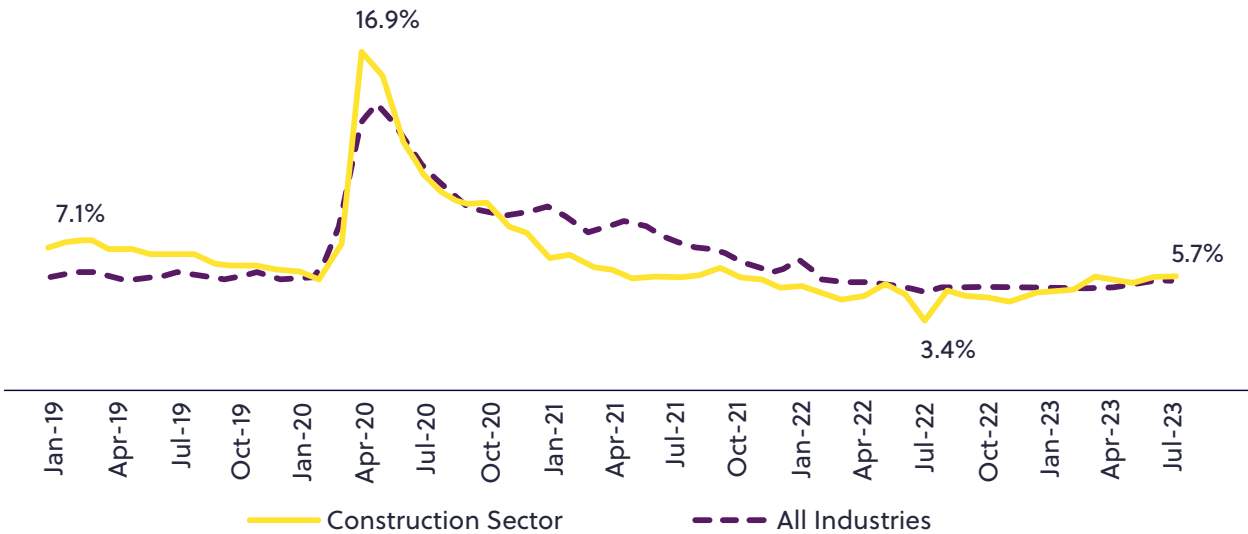


Source: Statistics Canada (2025a), Table 14-10-0355-01

The index values in figure 4 are calculated relative to January 2020 (index = 100). This means that the employment levels are shown as a percentage of their January 2020 value. For instance, an index value of 100 represents the employment level in January 2020. An index of 78.5 in April 2020 for the construction sector indicates that employment in that month was 78.5% of what it was in January 2020.

Seasonally adjusted unemployment rates in the sector increased sharply with the onset of the pandemic, rising from 5.5% in February to 16.9% in April 2020 (figure 5). Thereafter, unemployment fell steadily to reach a low of 5.6% in May 2021 and 3.4% in July 2022. Unemployment rates edged up again from mid-2022 to mid-2023 as interest rate increases moderated the demand for new housing. To put this in context, the Bank of Canada’s policy rate increased from 0.25% in February 2022 to 5.0% in July 2023 (Bank of Canada, 2023).

Figure 5: Trends in Unemployment (seasonally adjusted)



Source: Statistics Canada, (2025b), Table 14-10-0291-01

Unemployment rates in construction peaked at a higher rate than the total rate for all industries in April 2020 when social and economic restrictions were introduced (Statistics Canada, 2023b, October). The unemployment rate in the construction sector also declined and stabilized at a level below the overall unemployment rate until March 2023.

Finding 5:

RHI projects experienced increased construction costs and delays in completion. Supply chain disruptions played a major role, as did COVID-19.

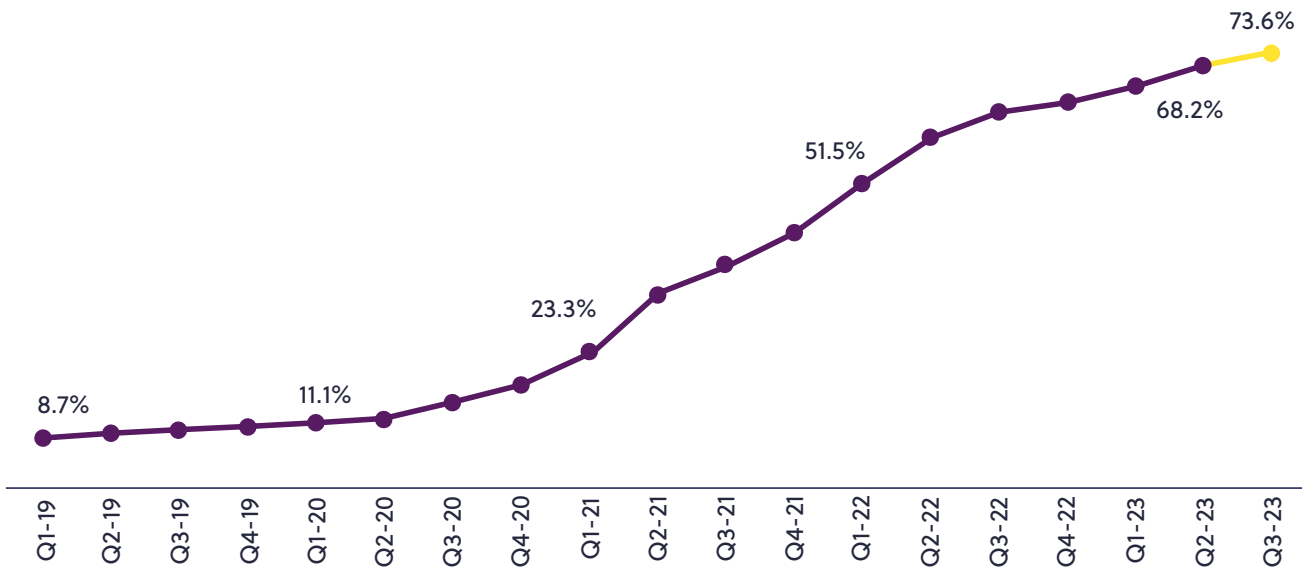
Impacts of rising construction costs

Rising construction costs in recent years had a significant impact on projects funded by the RHI program. Residential construction costs accelerated, starting in mid-2020, as COVID-19 measures and associated supply chain disruptions limited the ability of manufacturers and distributors to meet the demand for products, materials and equipment required for new housing and infrastructure.

These challenges were echoed by the majority of survey respondents, as highlighted by the proponent survey where 93% of respondents encountered increased material costs, and 82% faced supply chain disruptions and delays.

Statistics Canada’s Building Construction Price Index shows that residential building construction costs increased between 2019 and 2023 (figure 6 below). The values are calculated relative to 2017 (index = 100). This means that costs are shown as a percentage of their values in 2017. Therefore, when compared with prices in 2017, residential building costs increased by 11.1% in 2020, 23.3% in 2021 and 51.5% in 2022 (figure 6 below). The highest rates of increase between the second quarter of 2020 and the first quarter of 2023 were for wood, plastics and components (145%), metal fabrications (66%), concrete (54%) and structural steel framing (52%) (Statistics Canada, 2024, May).

Figure 6: Trends in the Building Construction Price Index



Source: Statistics Canada, (2024), Table 18-10-0276-01

Global supply chain pressures emerged in the second half of 2020 and continued through 2021 and 2022. Initially, COVID-19 lockdowns and other actions restricted manufacturing and port operations, and shipping companies reduced global shipping capacity, particularly container shipping capacity.

Most RHI project proponents indicated that the construction costs of their projects had exceeded budgets and noted that their RHI funding was fixed and could not be increased. While all had a contingency factored into their RHI budgets, the size of this contingency was not always sufficient to cover cost increases. Additionally, financial resources in a few cities were being stretched to cover RHI construction cost overruns.

Proponent interviewees noted that costs increased for many reasons in addition to COVID-19. In some projects, the proponent made change orders that resulted in additional costs. In other instances, weather events increased costs. For example, First Nations proponents in Alberta and British Columbia noted that wildfires in western Canada reduced the supply of oriented strand board,⁷ resulting in much higher costs. But in most projects, the main issue was that construction costs increased rapidly from the time between RHI application and the commencement of construction.

Increasing construction costs were linked to construction delays, particularly in large cities, such as Toronto, where it was reported that two RHI projects were in risk of failure in August 2023.

In response to increased costs, CMHC had to be flexible. In some cases, CMHC worked with proponents to look for alternatives to avoid or limit cost overruns. For instance, allowing for longer delivery times for RHI projects or cutting back on some elements (for example, reduce the number of bedrooms per unit, limit the amount of landscaping or size of common areas). Under RHI contract terms, projects are required to keep their building unencumbered to ensure the expected affordability outcomes can be met over the 20-year period. In rare circumstances, CMHC may waive this requirement to save the loss of the units, taking into consideration the risk relating to the encumbrance.

The not-for-profit organizations leading RHI projects that experienced cost overruns had to find other funding sources with many proponents obtaining provincial funding to support the project. In some instances, organizations drew upon cash reserves or quickly launched fundraising initiatives. One affordable housing provider in the Atlantic provinces was able to obtain a loan from the province to cover the additional costs incurred due to construction cost increases from the time of application to the commencement of construction. Under RHI contract terms, projects are required to keep their building unencumbered to ensure the expected affordability outcomes can be met over the 20-year period. In rare circumstances, CMHC may waive this requirement to save the loss of the units, taking into consideration the risk relating to the encumbrance. It should be noted that Provinces were co-funders in RHI with a vested interest in ensuring both the creation and long-term affordability of the units providing both capital and long-term subsidies.

In contrast, a few communities experienced no issues. For example, a municipality in an Atlantic province had two projects funded under RHI-2. Both were shovel-ready projects delivered by very experienced not-for-profit organizations and were completed on time and on budget.

Other proponents negotiated fixed-price contracts with their general contractor at the time of RHI application to prevent any cost overruns. These contracts, however, had the risk of cost overruns shifting from proponents to contractors. In this regard, one First Nations proponent reported that Nomodic, a modular supplier and contractor headquartered in Calgary, declared bankruptcy in October 2023. Media reports state that the insolvency resulted from global supply chain issues, fixed-price contracts, and cost overruns in completing projects. Additionally, at least one RHI project involving Nomodic in Sudbury was stalled due to the company's insolvency.⁸

⁷ Oriented strand board (OSB) is a type of engineered wood made from long strands of wood bonded together with a synthetic resin adhesive. It typically has three layers; the outer two layers have wood strands oriented in the same direction, usually lengthwise (Wood Panel Industries Federation et al., 2014).

⁸ See Clarke (2023).

Finding 6:

There is an urgent need for a program like RHI that provides up to 100% contributions for construction costs of affordable housing for priority populations.

Key informants on the need for a program like RHI

There was a consensus among CMHC key informants that the federal government should continue to invest in affordable rental housing via such programs as the RHI. The need is deep and widespread across the country.

Housing providers that serve priority populations often cannot use traditional financing programs that involve a loan component, as there are limited rental revenues to be generated from populations with rent-geared-to-income arrangements. The RHI was designed to create housing for priority populations by supporting proponents with a debt-free asset; proponents do not need to arrange a mortgage and only have ongoing operating and maintenance costs to cover.

An indication of the urgent need for a program such as RHI is the fact that RHI-1 was over-subscribed by \$4 billion.

Several key informants, both within and external to CMHC, indicated that if the RHI program were to continue, it should be made a permanent program. RHI-1 and RHI-2 have worked because municipalities and other proponents had shovel-ready projects that could be initiated quickly. A future RHI phase (or phases) may be less viable, as there may be fewer projects that could be constructed rapidly (that is, within the 12-month target). A permanent RHI program would enable proponents to do long-term planning, specifically budget planning, and create an ongoing flow of well-developed project opportunities and prospective not-for-profit operators.

Municipal respondents were asked if there were additional projects in their community that were put forward for, but did not receive, RHI funding. Some respondents stated that there were additional projects, but they could not be funded due to the limits on the amount of funding allocated to their city. For example, in Toronto it was estimated that only one-quarter of eligible applications could be funded. The city has many shovel-ready projects that cannot proceed due to lack of funding.

Other municipalities indicated that they received relatively few valid applications, this was true even for a couple of Canada's larger municipalities. One reason is that these cities have a limited number of experienced not-for-profit affordable housing providers.

An issue raised by several not-for-profit project proponents is that the increasing housing prices have led to landlords selling multi-unit residential buildings for purposes other than affordable housing. This is having the effect of reducing the supply of affordable housing. It was suggested that if the RHI program were to continue, then this type of project should be made eligible.

EQ 2: Is the RHI complementary to, or duplicative with other programs?

Finding 7:

The RHI program complements other federal, provincial, and territorial programs supporting the construction of affordable housing. Together, they expand the pool of funding available and enable a higher rate of construction of housing targeted to vulnerable populations.

The RHI is one of several federal, provincial, and territorial programs intended to expand the number of affordable housing units in Canada. To determine if the RHI complements or duplicates these other programs, in whole or in part, it is necessary to consider the extent to which they share the RHI's focus on constructing new, converted, or rehabilitated affordable housing that:

- targets priority populations in severe housing need, focusing on those who are experiencing or at risk of homelessness;
- contributes up to 100% of the capital costs of projects;
- requires proponents to make maximum effort to complete construction and have units available for occupation within 12 months from project commencement (18 months for Northern, remote and other projects with special access constraints);
- provides permanently affordable housing for at least 20 years;
- applies tenant rents that are no more than 30% of gross incomes;
- is designed and constructed to exceed local/regional or national energy efficiency standards (new units only); and
- exceeds local requirements for the number of accessible units (new units only).

Annex F provides a summary comparison of the RHI to the principal national and provincial/territorial housing programs that include expansion of affordable housing among their objectives, using the seven attributes of the RHI listed above. Key highlights of this comparison show that the RHI has many features in common with the other affordable housing programs and several key differences.

Similarities between the RHI and other housing programs

- One federal program, Reaching Home, and 7 of the 16 provincial and territorial programs also provide funding contributions. The remaining programs use either low-cost or forgivable loans. These types of financing enable applicants to reduce the cost of developing and providing affordable housing.
- All programs reviewed, including the RHI, have minimum fixed periods of time during which the affordability arrangements for their units are maintained. Additionally, these programs specify minimum to maximum time ranges linked to the terms under which grants, or forgivable loans are advanced. Eight of the 21 programs examined require the funded units to remain affordable for at least 20 years. Minimum affordability periods vary from 5 to 15 years for another nine programs and the remaining programs either allow for variable ranges or do not publish affordability requirements in their documentation.

- The RHI, and the On-Reserve Non-Profit Housing Program (Section 95) funding for on-reserve housing both fund up to 100% of the capital costs of projects using different financing tools. Funding limits of other programs vary and are either set at a percentage of the total cost, a maximum amount per housing unit, or a combination of both. All programs, including the RHI, encourage or require applicants to obtain funding from multiple sources, including equity contributions by the applicants.
- Federal programs that publish requirements for energy efficiency typically require projects to exceed minimum energy efficiency standards set in the NECB 2015 whereas provincial and territorial programs are more likely to require funded projects to meet or exceed the applicable standards.
- Among the programs that have accessibility requirements, other federal programs require proponents to meet or exceed accessibility requirements of the program. Provincial and territorial programs are more likely to require proponents to exceed minimum requirements (8 of 13 programs that published such requirements). The required proportion of accessible units ranges from a minimum of 5% (which the RHI also requires) to 20%.
- Required affordable rental structures vary among the following:
 - Rent-gear-to-income approaches (as required by the RHI), in recognition of the low-income status of their target households.
 - Maximum rents set at a percentage of median or average market rents.
 - Maximum rental rates set by provincial housing corporations.
 - Mixed-income developments that allow for combinations of these approaches, differentiating between low- and moderate-income tenants' situations.

Differences between the RHI and other housing programs

- The RHI is the only national program that explicitly targets people experiencing, or at risk of, homelessness and priority population groups that are in severe housing need. Seven of the 16 provincial and territorial programs examined also identified NHS priority populations and/or people experiencing or at risk of homelessness as priorities for their programs.
- Only the RHI requires proponents to complete their projects within 12 or 18 months of project approval/commencement.

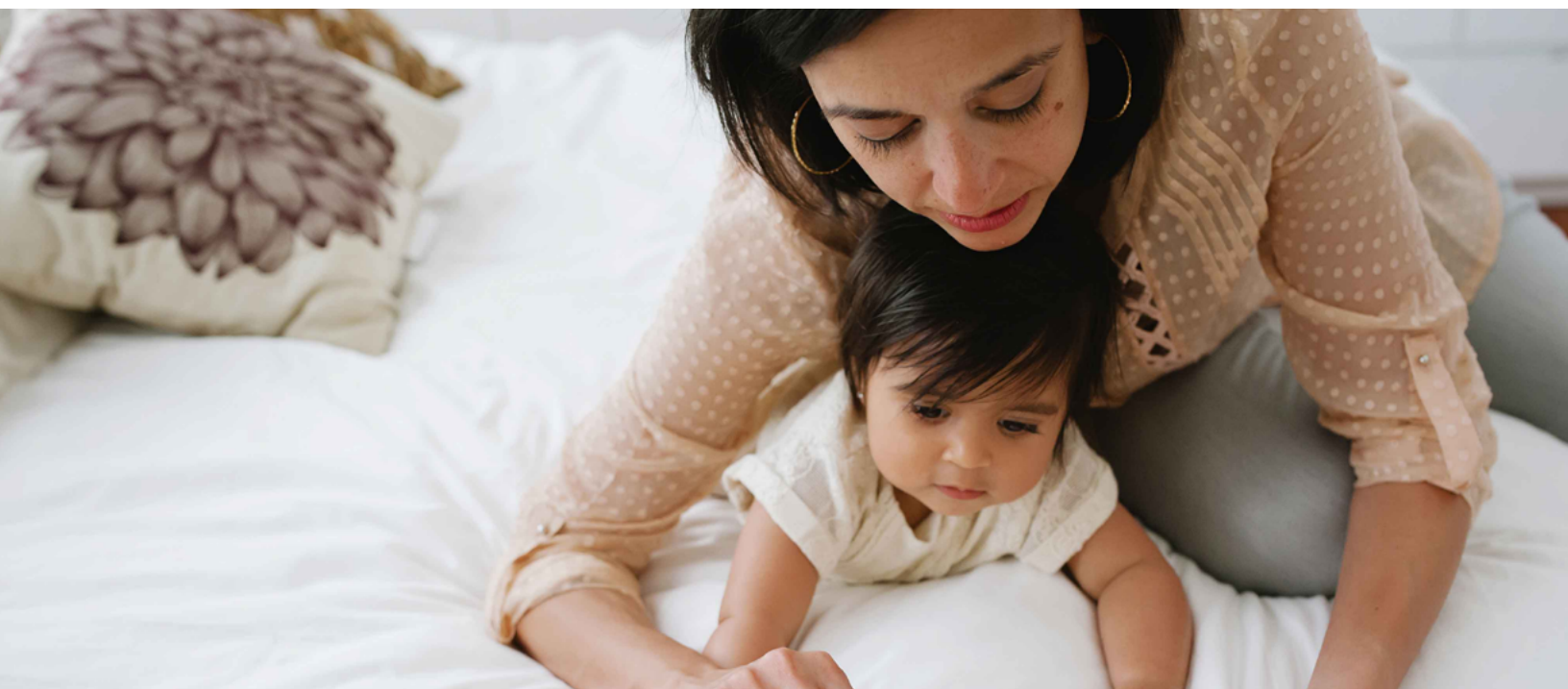
Key informants stated that the RHI program complements other NHS programs. The most common other NHS program familiar to RHI proponents was the Affordable Housing Fund (AHF). A few proponents had experience with this program. One of the not-for-profit housing providers stated that, along with the RHI program, the AHF is an important program in their housing portfolio because it enables them to build housing projects that cater to a mix of tenants with mixed incomes. The surplus generated from the AHF housing development is used to subsidize the shortfall from their RHI project. In addition, by housing a mix of tenants, AHF housing developments avoid the stigma associated with the large public housing projects constructed in past decades. Municipalities with experience with the AHF program stated that the focus of the RHI is on supportive housing and on homelessness and priority populations. In contrast, the AHF focused on providing mixed moderate-income housing. They stated that the two programs are not competing.

Key informants representing First Nations communities were familiar with the On-Reserve Non-Profit Housing Program (Section 95). One First Nations community stated that the application and reporting processes for the Section 95 program are more complex than the RHI program. However, they noted that one advantage of the Section 95 program is that First Nations can use paid-out projects to convert rentals to homeownership, which is not permitted under the terms of the RHI program.

Another First Nations community commented that they prefer the RHI program over the Section 95 program because the RHI puts more emphasis on energy efficiency. While the Section 95 program includes requirements for energy efficiency found within the National Building Code of Canada, this First Nations community perceives the RHI program to place greater emphasis on energy efficiency as they can achieve higher application scores for exceeding requirements in the National Building Code for new builds.

Survey findings from RHI proponents also highlight the program's distinctive elements, confirming its complementary role alongside other housing initiatives. A notable difference highlighted by some survey respondents was the financing structure, with RHI's focus on contributions rather than loans, which is crucial for the feasibility of their projects. In addition, the survey responses emphasized RHI's streamlined application and approval process as being more straightforward compared to other programs like the AHF, reflecting faster administration and decision making. Furthermore, the survey responses revealed perceptions of RHI's specific focus, such as the Cities Stream.

Overall, the findings from the comparative analysis of the available affordable housing funding programs indicate that these programs complement the RHI program and support the goals of the NHS. The scope and requirements of the funding provided by other federal, provincial, and territorial affordable housing programs serve to provide a larger pool of funding for housing providers. This pool is further extended by complementary municipal initiatives, such as exemptions from municipal fees, charges or property taxes and low- or no-cost land provision. In addition, the design of the RHI suggests that it is likely to be seen as the “anchor” source of funding for developing affordable housing projects and serves as a catalyst for attracting participation from other programs and levels of government.



EQ 3: To what extent are RHI projects sustainable?

Finding 8:

RHI projects are expected to be sustainable in meeting the affordability requirement for at least 20 years, in accordance with the requirement in the contribution agreements.

This evaluation question asks whether RHI projects are likely to be operationally sustainable and meet the affordability requirement over the long term.

RHI projects are required to have commitments demonstrating secured operating funding and tenant affordability for a minimum of 20 years. Most CMHC key informants stated that RHI projects are likely to meet the affordability requirement for 20 years or more. However, some expressed concerns around whether not-for-profit proponents will have sufficient funds to pay for ongoing maintenance and repairs in the many years to come. One CMHC staff member stated that studies have shown that operational and maintenance costs can be considerable over 20 years and can equal or exceed the upfront capital costs.

Although concerns were raised by some CMHC key informants, most key informants representing municipalities (Cities Stream) indicated that RHI projects delivered in partnership with local not-for-profit organizations are likely to ensure meeting the affordability requirement for 20 years or more. They noted that they were very diligent in selecting partners and chose organizations with a long history in developing and operating affordable housing. Typically, these organizations receive funding from provincial governments and other sources to cover ongoing operating costs and to enable them to provide lower rents. However, a few municipalities did raise concerns with the ability of not-for-profit

partners to be able to cover operational costs over the long term, specifically those funded under the Projects Stream, as some organizations had experienced funding challenges.

A few municipalities that received funding through the Cities Stream expressed a concern that CMHC has shifted the risk to municipalities, regarding the legal requirement to ensure affordability over 20 years. They suggested that if RHI were to continue beyond round three, municipalities should have the authority to register a title on covenant in a case where a project encounters significant issues or fails to meet its obligations.

Finally, First Nations key informants saw no issues in ensuring their RHI projects remain sustainable beyond 20 years.

The critical role of contributions from project partners in enhancing the financial viability of RHI projects was highlighted by the proponent survey results. Specifically, a majority of respondents (57.1%), acknowledged the positive impact of contributions from project partners other than RHI on their project's financial viability.⁹

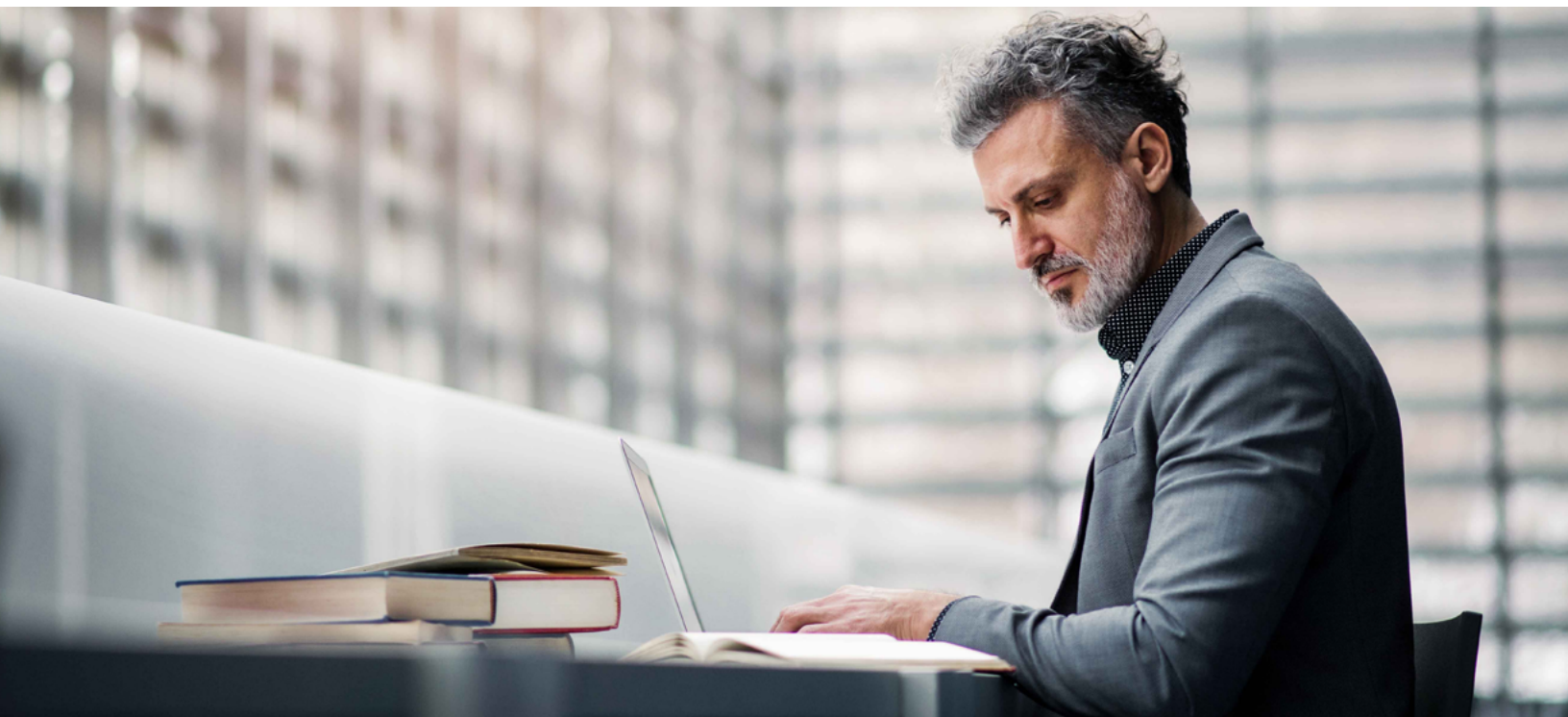
⁹ Of 70 respondents, 24 respondents strongly agreed and 16 respondents agreed that contributions from project partner(s), other than RHI, enhanced the financial viability of their project.

EQ 4: Is the RHI program achieving its intended outcomes?

This section assesses the performance of the RHI program in achieving its intended outcomes (depicted in the logic model in Annex C), which were the following:¹⁰

- Increased access to affordable housing: Cover the costs of construction of new rental housing units (as well as the acquisition of land) and the conversion/rehabilitation of existing buildings to affordable housing.
- Project completion: Projects were to be completed and ready for occupancy within 12 months (projects in the North or with accessibility challenges were given 18 months).
- Affordability: All units must be affordable (that is, the household pays less than 30% of gross income on housing costs).
- Priority populations: Housing is targeted to people and priority populations who are vulnerable and who are also, or otherwise would be, in severe housing need or people experiencing or at high risk of homelessness.
- Energy efficiency: New construction projects were expected to exceed applicable energy efficiency standards by at least 5%, while new Projects Stream projects that exceeded the applicable standards received priority at the project selection stage.
- Accessibility: New Cities Stream construction projects were required to provide an additional 5% (or more with RHI-2) of accessible units above the local requirements. New Projects Stream construction projects that exceed local accessibility requirements received greater priority.

¹⁰ Program performance is measured within the scope of the evaluation period between program inception and November 2023.



Finding 9:

Both RHI-1 and RHI-2 exceeded their targets to fund the creation of new affordable housing units.

Creation of new affordable housing

As of November 2023, RHI-1 and RHI-2 funded 10,298 units, considerably more than the 7,500-unit target (3,000 for RHI-1 and 4,500 for RHI-2). This represents the creation of 37% more units than targeted overall, with a 60% achievement above the RHI-1 target and 22% above the expanded RHI-2 target.

Table 6 provides data on the key characteristics of units that were funded. The average project size (number of units) decreased from 21 in RHI-1 to 17 in RHI-2. In terms of type of construction, modular and stick-built projects were of similar size across RHI-1 and RHI-2. Specifically, there was an average of 17 and 14 modular units in RHI-1 and RHI-2 respectively, and an average of 17 and 16 for stick-built units.

Conversion projects tended to be larger with an average of 40 units under RHI-1, which dropped to an average of 33 units in RHI-2. Only projects led by Indigenous proponents tended to be larger in RHI-2 (an average of 20), compared with RHI-1 (an average of 10). On-reserve and rural projects tended to be larger in RHI-2 (20 and 18, respectively), compared with RHI-1 (11 and 10, respectively).

Table 6: Number of Units Created by RHI-1 and RHI-2

Characteristic	RHI-1		RHI-2	
	Total	Average per Project	Total	Average per Project
All Projects	4,792	21	5,506	17
Type of Unit				
Modular	2,873	17	2,114	14
Stick	390	17	1,953	16
Conversion	1,288	40	1,318	33
Rehabilitation or Repair	241	22	121	12
Proponent Type				
Indigenous	1,118	10	3,144	20
Province/Territory	1,478	23	1,636	17
Municipality	2,159	36	653	10
Not-for-Profit/Co-operative	37	37	73	10

	RHI-1		RHI-2	
Characteristic	Total	Average per Project	Total	Average per Project
Location				
Urban	3,630	30	2,239	14
On-Reserve	830	11	2,382	20
Rural	207	10	266	18
Remote	71	10	455	8
Northern	54	11	164	20
Province/Territory				
Quebec	1,698	18	1,440	17
Ontario	1,176	29	1,606	17
British Columbia	692	23	549	16
Alberta	548	39	554	18
Manitoba	211	14	410	22
Saskatchewan	84	9	303	19
Nova Scotia	112	14	161	13
New Brunswick	144	13	49	12
Newfoundland & Labrador	29	15	170	21
Nunavut	15	8	128	18
Yukon	50	13	84	17
Northwest Territories	18	18	44	22
Prince Edward Island	15	8	8	8

Finding 10:

At the time the evaluation was conducted, a relatively low percentage of RHI projects were completed within targeted timelines with 22% of projects under RHI-1 and 33% under RHI-2 successfully meeting the target.

Project completion targets

RHI-1 and RHI-2 have the intended outcome of completing construction and having units ready for occupancy within 12 months (with projects in the North or with accessibility challenges within 18 months). Table 7 shows the performance of projects under RHI-1 and RHI-2 against this target. Note, the assessment of meeting the RHI program target of 12 to 18 months was done to understand the feasibility of achieving this time frame; however, some of the projects included in the “not met” category were given formal extensions, which were also allowed under the program.

Table 7: Project Completion Against Targets for RHI-1 and RHI-2

Characteristic	RHI-1		RHI-2	
	#	%	#	%
All approved projects	232	100	320	100
Target				
Met	50	22	106	33
Not met	179	77	208	65
Unknown*	3	1	6	2
Months beyond target for those not met				
< 3 months	22	9	72	23
3 to 6 months	35	15	48	15
6 to 9 months	55	24	43	13
9 to 12 months	39	17	23	7
> 12 months**	28	12	22	7

* Data on completion was not available in the internal program database for 9 projects.

** This category includes projects that were yet to be completed.

For RHI-1, 50 out of 232 projects (22%) achieved their completion target. Another 57 projects, making up one-quarter of the total (24%) were completed within an additional 6 months. For RHI-2, 106 out of 320 projects (33%) achieved their target completion date, while another 120 projects (38%) were completed within an additional six months of their target completion.

While most projects under RHI-2 had a 12-month completion target, projects in the North or in remote locations were provided 18 months for completion. Of 27 projects with this longer time frame to complete, 19 met their deadline, with 14 of them being completed in 12 months and 2 of them being completed in 15 months.

Projects funded under the Projects Stream tended to perform better than projects in the Cities Stream in terms of achieving their completion target. For RHI-1, 24% of projects in the Projects Stream met their target, compared to 14% for projects in the Cities Stream. For RHI-2, 37% of projects in the Projects Stream met their target, compared to 17% for projects in the Cities Stream. This may be due to many projects in the Projects Stream being led by Indigenous governing bodies, who have considerable experience in constructing rental housing under the Section 95 program. Indigenous governing bodies make up 59% and 60% of the Projects Stream projects under RHI-1 and RHI-2, respectively. These projects met their completion targets 31% and 48% of the time under RHI-1 and RHI-2, respectively. In addition, the density of projects may be impacting completion times given that most Indigenous projects tend to be smaller and lower density (that is, have fewer units) than most municipal projects.

In addition, successful applicants from both streams found it difficult to meet the rapid completion requirement. In the Major Cities Stream, perceptions leaned toward the process being challenging, with 71% of respondents indicating it was difficult or very difficult to adhere to the target completion timelines.¹¹ Under the Projects Stream, 62% of respondents also acknowledged facing difficulties.¹² When examining this among specific proponent types, 60% of municipalities, 69% of Indigenous governing bodies, and 50% of Indigenous groups reported difficulties with meeting the timelines.

For unsuccessful applicants, the rapid completion requirements proved especially challenging for Métis and Inuit. These applicants were not able to score the points needed in the application process to be approved and receive funding for their projects. For example, in communities in Nunavut and Inuit Nunangat, material shipments are based on a sealift schedule that can vary from year to year and for different communities. Some communities may only receive one sealift a year, and, in some cases, could only start construction a year after receiving financial commitments. This resulted in low scores on this section of the application, and many were not able to secure funding with the program.

Key informants indicated that many factors, including the impact of COVID-19, contributed to the challenges faced by the Cities Stream in meeting the rapid construction timelines. They noted that many cities lacked sufficient administrative capacity to manage the projects. In addition, delays were often caused by the time required to obtain approvals from the municipal council and push back from local residents. Furthermore, a few cities lacked dedicated housing departments and thus were not experienced in building affordable housing projects.

¹¹ Five of the 7 respondents indicated it was difficult or very difficult.

¹² Thirty-nine of 63 respondents indicated it was difficult or very difficult.

In addition to the challenges noted above, various factors contributed to delays across both streams, including:

- Weather issues: For instance, a hurricane in Nova Scotia in 2022 led to delays in getting power hooked up to new housing developments.
- Environmental remediation: Examples included, encountering an existing foundation when digging, discovering asbestos when doing a repair of an old hotel.
- Regulatory and land acquisition delays: For instance, rezoning (needing an elevator to provide accessibility in a building not zoned for one); land acquisition; and localized supply issues (bathtubs, paint, electrical equipment). Some key informants representing municipalities found that the prework carried out by not-for-profit proponents was insufficient, which may have been due to the costs involved prior to being approved for funding.
- Supply chain disruptions: A few RHI-2 projects being completed in 2023 were affected by the Vancouver port strike that shut down supply chains across the country during July of that year. Additionally, 34% of proponent survey respondents highlighted supply chain disruptions as an issue they faced.

- Increased material costs: 41% of proponent survey respondents noted this was an issue they faced.
- Labour shortages: Many communities also experienced a shortage of trades, with 33% of proponent survey respondents highlighting this issue.

Many project proponents that experienced delays commented that their CMHC representatives were very supportive and understanding. However, a few not-for-profits and Indigenous groups that experienced serious delays were concerned that CMHC may rule them ineligible for future CMHC funding (either from the RHI program or other NHS programs).

Finally, almost all key informants from both streams reported that they had no issues in moving in tenants expeditiously once construction was completed and municipal approval was obtained.



Finding 11:

The RHI program has helped to create affordable housing units that meet the program criteria. However, there is some evidence to suggest that for some tenants, the units are unaffordable.

Affordable housing

One of the requirements to receive RHI funding is that all units must be affordable to tenants (that is, tenants pay less than 30% of their gross income on housing costs) for a minimum period of 20 years.

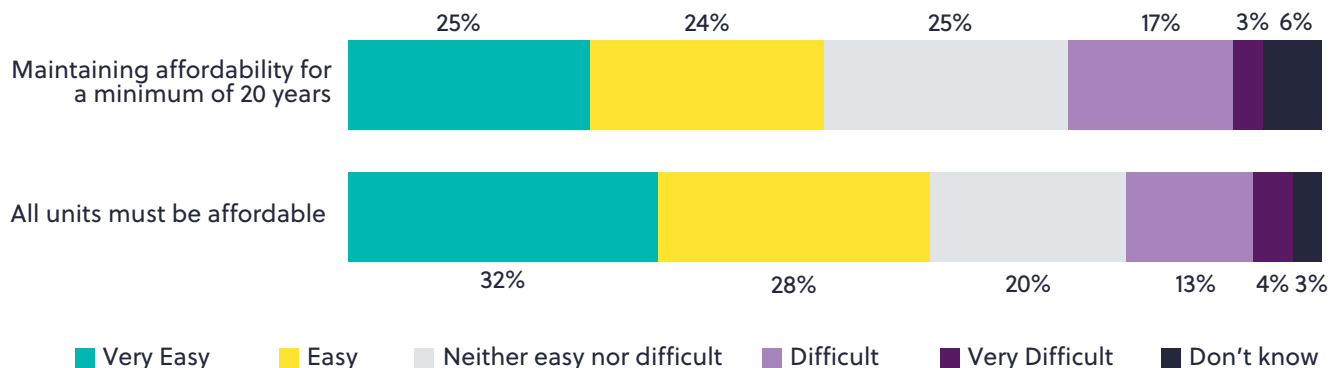
As part of the post-construction attestation process, proponents are required to indicate whether tenants are spending less than 30% of their gross income on housing costs. However, no data is collected on the actual rents charged or on the gross incomes of households. Thus, it is not possible to measure the depth of affordability of RHI units based on the data reported by proponents in their post-construction attestations. Given that rents are not reported, it is also not possible to compare RHI rents in a city to the

median market rent, or to the rents charged in other housing projects funded by other NHS programs.

From the proponent survey, regarding the ease or difficulty of ensuring all units are affordable, a majority (60%) of respondents indicated that it was "very easy" or "easy" to ensure all units are affordable (see figure 7). For maintaining affordability for a minimum of 20 years, slightly under half of all respondents (49%) stated that they think this criterion is easy to achieve. This suggests a commitment among proponents to the long-term affordability of RHI units, despite challenges presented by increased construction costs and operational expenses.

Figure 7: Proponents' Perceptions of the Program Requirements

Slightly under half found that maintaining affordability for a minimum of 20 years to be **easy** or **very easy** while most RHI proponents surveyed found that the requirements to ensure all units are affordable to be **easy** or **very easy**.



All project proponents interviewed indicated that their RHI projects are meeting the affordability objective. However, one of the not-for-profit affordable housing proponents commented on the perverse effects that arise from increased construction costs. To cover the gap between rents paid by tenants (in this case, women and children fleeing domestic violence) and their higher-than-expected operating costs (including paying for extra construction costs), they had to select tenants with higher relative incomes to generate higher rental revenues while ensuring that tenants did not pay more than 30% of their income on housing.

A related issue noted by some municipalities is that the rent supplements provided per tenant in some provinces are quite low, which increases the pressure on proponents to secure additional operating funding from other sources.

Finally, First Nations communities reported no issues in achieving the affordability objectives. While rental rates vary across communities, most are set through their existing housing policies. They reported that other income streams can assist with maintenance and administrative costs.

When tenants were asked to rate how easy or difficult it is to afford their current home, the majority of respondents (65%) indicated that they find it very easy (7%), easy (29%) or neither easy nor difficult (29%). This data could suggest that the program is providing affordable housing that is within reach for tenants; however, even with reduced rents it may still be difficult for tenants to afford it.

Of the tenants surveyed, 43% reported spending more than 30% of their pretax household income on rent, meaning that almost half of the surveyed tenants are living in unaffordable housing. The survey results revealed that 36% of tenants are in a situation where 71-100% of their pretax household income is dedicated to rent. This may suggest that although tenants perceive affording their rent as relatively easy, for some tenants, their rent may not be affordable.

In contrast, post construction attestations that are collected annually are not identifying similar challenges with regard to proponents meeting the minimum affordability criteria required under the program. There are various factors that could explain this discrepancy, including a misunderstanding for how income is calculated. For example, many tenants are receiving financial top-up supports such as a shelter rate subsidy or disability supports, which they may not have considered in calculating their ratio and providing survey responses. However, a more in-depth examination may be required to verify the cause and validate this discrepancy.

While insights from the tenant survey are useful for understanding the lived experience of those within RHI units, it is important to note that definitive conclusions cannot be drawn given the low survey response rate. Additionally, this finding should be taken into consideration within the broader economic context within Canada, as noted in the relevance section of this report, rather than as a reflection of the RHI program.

Finding 12:

The RHI program has succeeded in supporting the construction of housing for members of priority populations targeted by the NHS, including people at risk of, or experiencing homelessness.

Priority populations

A key objective of the RHI program is to support the creation of housing targeted to members of priority populations under the NHS, as well as to people at risk of, or experiencing homelessness. Table 8 provides a breakdown of the units (RHI-1 and RHI-2) by priority populations.¹³

The main priority population group served by the program is Indigenous peoples (42% of all units), which is not surprising, given 48% of projects are with Indigenous groups (table 2). Just over one-quarter (26%) of units were targeted to homeless people or those at risk of homelessness, followed by seniors, accounting for 12% of the total. All other priority population groups were targeted by RHI projects, with the percentage of units targeted ranging from under 1% to 7%.

RHI-2 also had an objective of allocating 25% of funding to projects/units targeting women and/or women and their children. As shown in table 8 below, it appears that the program could very well exceed this target, as 31% of units (across the two rounds of funding) were planned to be dedicated to this demographic group.

Table 8: Targeting Priority Populations, RHI-1 and RHI-2 as of Q4 2023

Priority Population Group	# of Units	%
People with physical disabilities	151	1
Young adults	175	2
Indigenous people	4,315	42
Seniors	1,297	12
Black Canadians	104	1
People with mental health or addiction issues	776	7
Racialized groups	156	2
Homeless people or those at risk of homelessness	2,681	26
Newcomers (including refugees)	51	0
LGBTQ2+	56	1
People with developmental disabilities	160	2
Women & children fleeing domestic violence	468	5
Veterans	7	0
Totals	10,397*	100
Units dedicated to women & children**	3,240	

* Data was available for 560 projects.

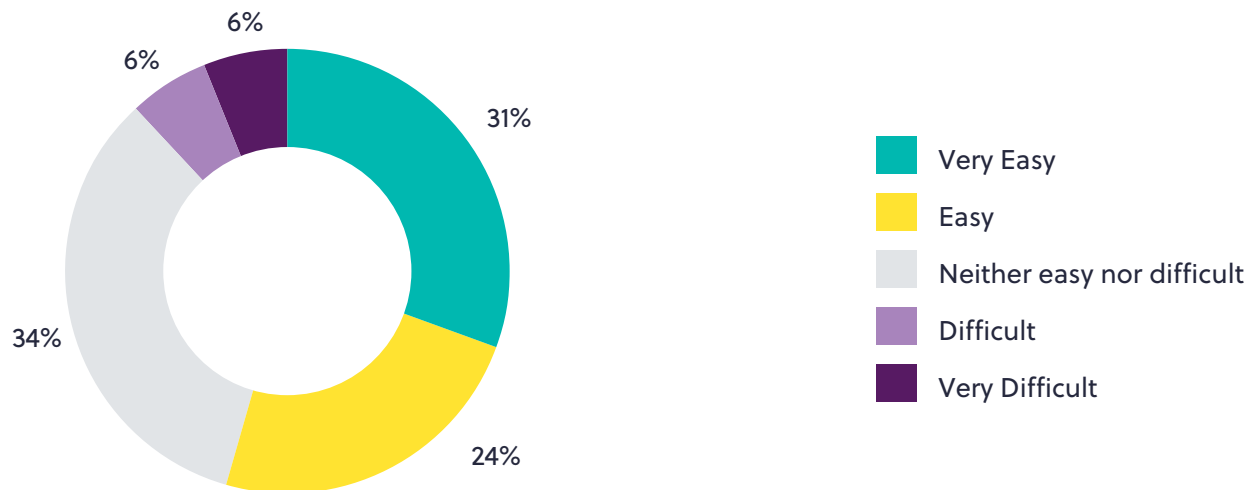
** Units dedicated or committed to women & children is a separate category from priority populations targeted on the RHI application.

¹³ Note that there are more projects and units in table 8 because the data is from a more recent source than the data used for the rest of the evaluation. Unit numbers and project numbers can change as projects are completed.

More than half of surveyed proponents found it easy to include support for priority populations within their projects, as illustrated in figure 8 below.

Figure 8: Survey Responses to the Question "How easy or difficult was it to include support for priority populations."

More than half of respondents found it **easy** or **very easy** to include support for priority populations within their projects.



Challenges in Providing Units to Priority Populations

Although more than half of respondents found it easy, a qualitative analysis of open-ended responses from the RHI proponent survey was conducted to explore several challenges in providing units to priority populations. Some key themes that emerged from the analysis include geographical constraints that particularly affected remote and on-reserve projects, the necessity for effective partnerships and sufficient operational funding, and a notable gap between the demand for affordable housing and the supply available.

Additionally, the specific needs of target groups, such as seniors and individuals with disabilities, emphasized the importance of housing that is adaptable and meets diverse requirements. The practical aspects of implementing supportive measures within these housing projects were identified as key to successfully addressing the needs of priority populations.

Finding 13:

The RHI program has helped to create energy-efficient units. Among projects that either met or exceeded energy efficiency standards, over half exceeded the standards by more than 20%. Overall, proponents find it easy to meet the energy efficiency standards.

Energy efficiency

RHI projects that were new builds were required to meet or exceed energy efficiency standards. Other types of projects (that is, conversions and rehabilitations) did not have an energy efficiency requirement but could do so.

Under the Cities Stream, new construction projects were expected to exceed the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or the local/regional standard—whichever was greater. Under the Projects Stream, new construction projects that could exceed the NECB or local/regional standard (whichever was higher) received greater priority by CMHC during the project selection process. For example, applications exceeding standards by 20% or more got maximum points.

Information on energy efficiency was available in the internal program database, drawn from the RHI applications. Data was available for 393 of the 552 projects under RHI-1 and RHI-2. Table 9 provides a breakdown of these projects in terms of whether they exceeded, or met but did not exceed, the applicable energy efficiency standards. Among projects meeting or exceeding the standards, four-fifths (80%) of the projects exceeded the energy efficiency standards by 5% or more, while 20% met the standards but did not exceed them.

Note that the data represents projected achievements in energy efficiency based on energy modelling at the time of application and may not have been achieved by completed projects.

Table 9: Meeting Energy Efficiency Standards, RHI-1 and RHI-2

Meets or Exceeds Energy Efficiency Standards	#	%
All projects	393*	100
Exceeds by more than 20%	229	58
Exceeds by more than 15%	26	7
Exceeds by more than 10%	27	7
Exceeds by more than 5%	32	8
Meets but does not exceed	79**	20

* Data showed that 157 projects did not meet or exceed the standards.

** Data from post construction attestations were not available at the time of the evaluation to confirm.

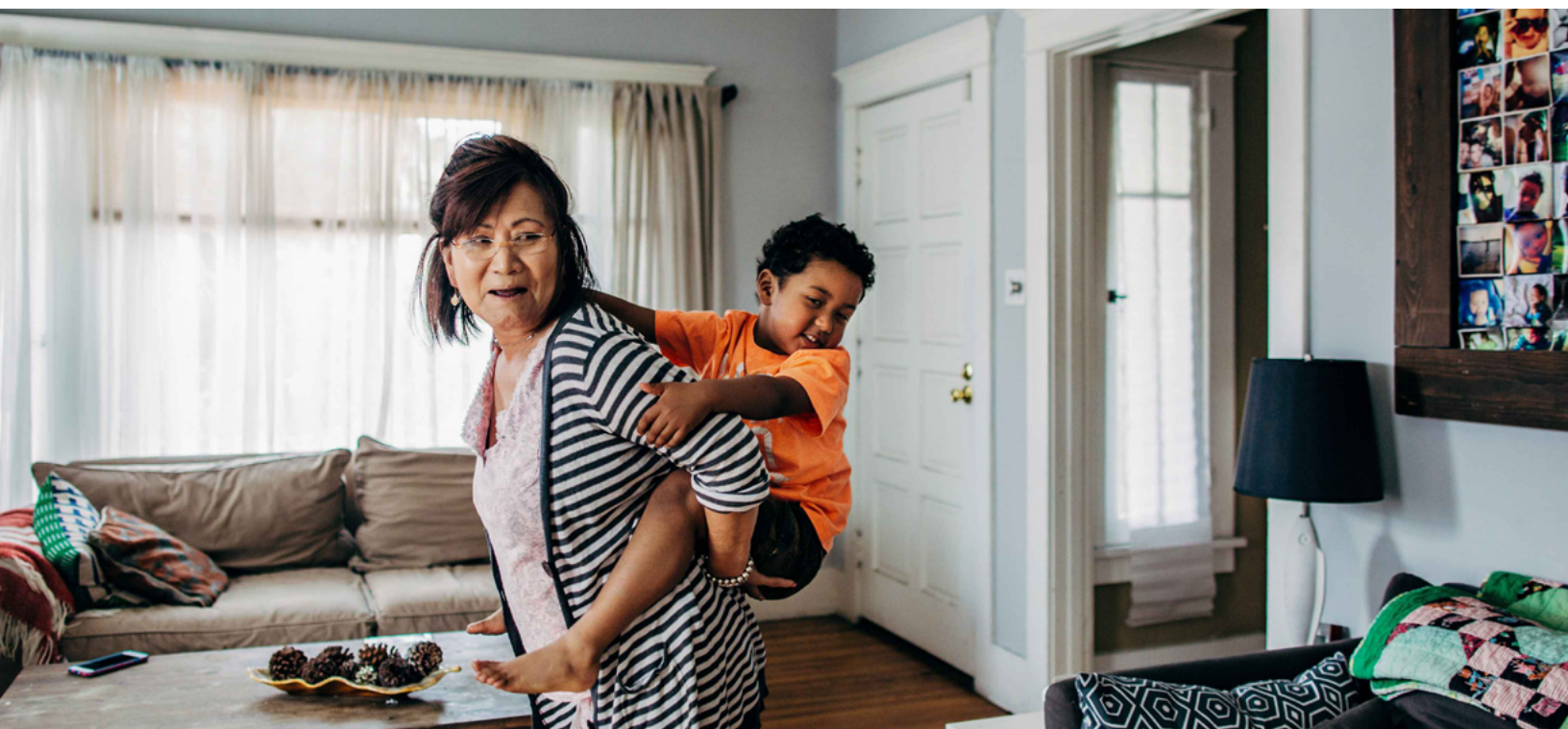
The findings from the key informant interviews support the observations from the review of data. Many key informants in the Cities and Projects streams indicated that their RHI projects were designed to be as energy-efficient as possible and to minimize energy expenditures over the long term. Some indicated that their projects exceeded the energy efficiency standard by much more than 5%, while a few indicated they were unable to exceed this target due to the costs that would be incurred.

Survey responses regarding the ease of meeting energy efficiency standards further affirm the program's effectiveness. Overall, more than half of proponents surveyed (59%) described meeting or exceeding the energy efficiency standards as set out in the 2015 NECB or local/regional standards as easy (45%) or very easy (14%). Furthermore, a breakdown by proponent type and stream type revealed that:

- Indigenous governing bodies, Indigenous stakeholder groups, and municipalities collectively indicate a strong adherence to energy efficiency requirements. Specifically, among the 29 Indigenous governing bodies and 28 Indigenous groups that responded, many found it easy or very easy to meet or exceed the standards, with 48% of Indigenous governing bodies and 72% of Indigenous groups reporting ease in achieving these criteria.
- Additionally, 60% of the municipalities (10 respondents) also reported finding it easy to meet or exceed energy efficiency standards. Among proponents in the Cities Stream, 71% found it easy to meet or exceed the energy efficiency standards.¹⁴ Similarly, in the Projects Stream, 58% of respondents found it easy to meet or exceed energy efficiency standards.¹⁵

¹⁴ Five of the seven Cities Stream proponents reported that it was easy to meet or exceed the energy efficiency standards.

¹⁵ Thirty-seven of the 63 Projects Stream proponents reported that it was easy to meet or exceed the energy efficiency standards.



Finding 14:

The RHI program has helped to create accessible units. The majority of proponents surveyed stated that meeting the requirement was either easy or very easy.

Accessibility

New Cities Stream construction projects were required to provide an additional 5% (or more, with RHI-2) of accessible units above the local requirements. New Projects Stream construction projects that exceeded local accessibility requirements received greater priority at the project selection stage.

As part of the post-construction attestation process, proponents are required to indicate whether their projects are meeting the accessibility requirement stated in their contribution agreements. This information is not available in the internal program database.

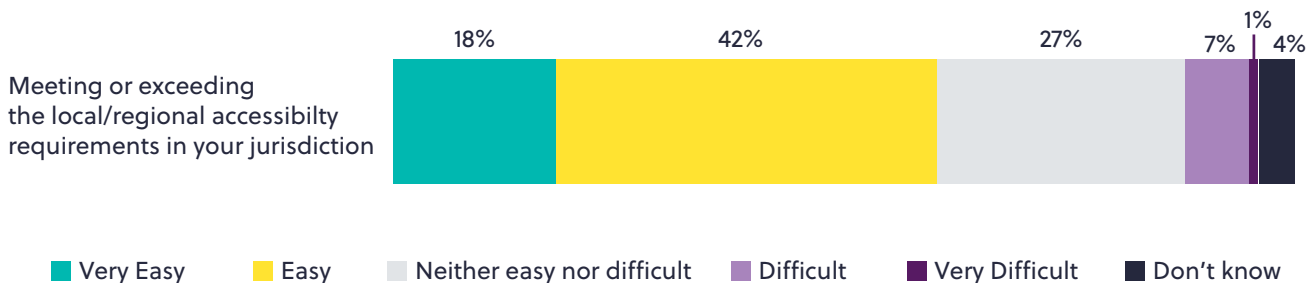
Virtually all key informants representing the Cities and Projects streams indicated that their RHI projects met the accessibility requirement. In a few cases,

achieving this objective was difficult due to the costs involved. For example, a municipality that completed a rehabilitation project indicated that the project was unable to provide an elevator for this reason (note that RHI's accessibility requirement did not apply to rehabilitation projects).

Responses from proponents surveyed offer additional insight into the program's accessibility achievements, especially within the Projects Stream. When asked about the ease of meeting or exceeding local/regional accessibility standards, a majority (60%) of surveyed proponents indicated meeting or exceeding the set accessibility requirements was either easy (42%) or very easy (18%).

Figure 9: Proponents' Perceptions of the Accessibility Requirement

Most RHI proponents surveyed found the requirement to meet or exceed accessibility requirements **easy** or **very easy**.



Survey results revealed that 86% of Cities Stream respondents¹⁶ and 59% of Projects Stream respondents¹⁷ reported finding it easy or very easy to meet the accessibility requirements.

In addition, the tenant survey findings reveal that most tenants in RHI-funded homes find their current homes to meet their needs with 86% (12 out of 14 respondents) affirming this. Only a small proportion, 14%, felt their needs were not met by their current housing. Breaking down the responses further:

- Among the 12 tenants who reported their homes as meeting their needs, tenants with various disabilities—including those with physical disabilities, learning, remembering, or concentration difficulties, and other long-term health conditions—indicated their housing met their needs.
- Analysis by the number of disabilities shows most respondents with one disability reported their housing met their needs, suggesting RHI-funded units are adequately addressing individual/single accessibility requirements.

¹⁶ Six of the seven Cities Stream proponents reported that meeting or exceeding the accessibility standards was easy or very easy.

¹⁷ Thirty-seven of the 63 Projects Stream proponents reported that meeting or exceeding the accessibility standards was easy or very easy.



EQ 5: Are there more efficient ways to design or deliver the RHI program?

Finding 15:

Program design changes in RHI-2 saw an increase in the percentage of new units built using stick construction. The average project size decreased. Projects in the North or in remote locations were given a longer (18-month) completion target, and a majority met this target.

Program design changes between RHI-1 and RHI-2

The evaluation examined whether program design changes made between RHI-1 and RHI-2 had any impact on program delivery and achievement of outcomes. CMHC conducted a lessons-learned exercise following round one, which led government authorities to change a number of design and delivery features for round two, including the following:

- Under the Projects Stream, due to over-subscription of the program, only eligible applicants who applied under RHI-1 but were not funded were deemed eligible for RHI-2.
- Expansion of the number of municipalities in the Cities Stream, from 15 to 30, to improve the reach of the program. However, there was no increase in the total funding for this stream (\$500 million).
- Traditional construction methods in addition to modular were permitted.
- Twenty-five per cent of projects were to be committed to housing projects for women and/or women and their children. This target was developed given the priority for projects to target women and women/children.
- Projects located in the North or with special access needs (for example, fly-in, barge, winter road) were given 18 months to complete construction and have units ready for occupancy.

The evaluation compared the characteristics of projects constructed under RHI-1 and RHI-2. As shown earlier in table 2, there was a decrease in the percentage of modular projects (from 71.6% to 46.3%) between the two rounds, while the percentage of stick construction projects increased (from 9.9% to 38.1%). While the absolute number of modular projects did not decline this dramatically, the opening up of funding to stick construction in RHI-2 changed the mix of projects considerably.

In addition, there was a reduction in the percentage of urban projects (from 53% to 49%) while there was an increase in the share of on-reserve projects (33% to 38%). There was a reduction in the percentage of projects located in Quebec (41% to 26%), while there was an increase in the percentage of projects located in Ontario (17% to 30%) and in the Prairies (16% to 21%).

As discussed earlier, while most projects under RHI-2 had a 12-month completion target, projects in the North or in remote locations were provided 18 months for completion. Of the 27 projects with this longer time frame to complete, 19 (70%) met their deadline, with 14 of them being completed in 12 months and 2 of them being completed in 15 months.

Finally, as described above, the program has achieved its objective of dedicating 25% of units to women and their children.

Finding 16:

RHI projects employing modular construction were slightly less costly compared to projects using stick-built construction.

Trade-offs between rapid construction and costs

This evaluation question concerns whether RHI-1's requirement for modular construction led to savings in construction costs.

The literature review found that modular construction methods are generally regarded as being capable of reducing the time required from planning and design through to occupancy by 20% to 50% (Bertram et al., 2019). But the evidence regarding the potential cost savings of modular construction varies widely: some studies estimate cost savings of 20% or more while others state that costs can be up to 20% more expensive (Bertram et al., 2019; Kamali & Hewage, 2016; McGraw Hill Construction, 2011).

The ability to achieve time and cost savings from modular construction depends on both site-specific factors and the efficiency of manufacturing operations. Overall, the evidence suggests that controlling or reducing construction costs while meeting tight timelines is possible using rapid construction methods (for example, Kamali & Hewage, 2016). Achieving these dual outcomes depends on a different business model compared to on-site construction, based on capital-intensive manufacturing; careful design of structures to optimize the use of panelized and/or

modular components; and, integration of design, manufacturing processes and technologies, materials selection, logistics and final assembly. Transportation logistics are particularly important to consider given that it is generally not possible to transport manufactured houses or modules far distances due to high costs, time delays, damage to modules, and other restrictions such as road traffic control requirements (Kamali & Hewage, 2016).

The evaluation compared the costs of modular versus stick construction for RHI projects. As shown in table 10, the average total cost per unit was lower for modular, compared to stick construction. For RHI-1, the average cost per unit for modular projects was \$306,821, while for stick-built units it was \$335,028, a 9% difference. For RHI-2, the difference was smaller (6%), as the average cost per unit was \$374,025 for modular construction and \$395,014 for stick-built construction.

A geographical comparison reveals that costs vary significantly by region. For instance, projects in the North had higher average total costs, such as \$506,521 per unit in RHI-1 and \$688,230 per unit in RHI-2. In contrast, rural areas show lower costs, with RHI-1 and RHI-2 projects costing \$305,007 per unit.

Table 10: Cost per Unit by Type of Construction and Project Location for RHI-1 and RHI-2

	RHI-1	RHI-2
All Projects	\$302,256	\$369,364
Type of Construction		
Modular	\$306,821	\$374,025
Stick	\$335,028	\$395,014
Conversion	\$288,589	\$298,547
Rehabilitation and Repair	\$202,945	\$268,315
Location		
Urban	\$317,390	\$352,384
On-Reserve	\$264,185	\$354,805
Rural	\$305,007	\$305,007
Remote	\$311,770	\$358,881
Northern	\$506,521	\$688,230



Finding 17:

RHI projects employing modular construction tended to be completed more rapidly, with 39% of modular projects being completed within their targeted completion time compared to 25% for stick-built projects under RHI-2.

Do projects employing a modular design proceed more rapidly?

As noted above, the literature review found that projects employing modular construction generally proceed faster compared to stick construction. The CMHC internal program database provides data on whether projects were completed within ranges of months, such as within 12 months, within 15 months, etc. Table 11 shows the percentage of projects meeting completion targets by project characteristics. It also presents the percentage of units those projects represent of all projects with this characteristic.

For example:

- Under RHI-1, 20% of modular projects met their completion targets. Modular projects completed on time represent 12% of the modular units constructed by RHI-1 projects. This suggests that the modular units meeting completion targets tended to be smaller than the average modular project under RHI-1.
- For RHI-2, 39% of modular projects were completed on time. This represents an improvement in the percentage of modular projects completed on time compared to RHI-1. The modular projects completed on time represent 57% of all modular units produced in RHI-2. This suggests that unlike the experience in RHI-1, modular projects completed on time in RHI-2 tended to be larger in size compared to the average modular project under RHI-1.

Table 11: Percentage of Projects Meeting Completion Targets by Type of Unit and the Percentage of Units They Represent Among Projects with Those Characteristics for RHI-1 and RHI-2

Characteristic	RHI-1		RHI-2	
	Projects	Units	Projects	Units
All meeting target	22%	15%	33%	33%
Type of Unit				
Modular	20%	12%	39%	57%
Stick	26%	31%	25%	22%
Conversion	22%	11%	35%	10%
Rehabilitation or Repair	27%	43%	30%	39%

The table compares the timeliness of modular construction to stick:

- In RHI-2, 39% of modular projects were finished within their targeted time compared to 25% of stick-built projects. These represented 57% of the modular units and 22% of the stick-built units funded. This data suggests that modular projects, particularly large modular projects, were completed rapidly.
- In RHI-1, a similar number of stick projects (26%) were completed on time, while a smaller proportion of modular projects (20%) met their target completion dates. Key informants suggested that there were supply shortages for modular construction during RHI-1 leading to delays. These supply issues were less prevalent during RHI-2. The design change in RHI-2 to remove the requirement to only use modular construction likely contributed to reducing the supply issues because there was less demand placed on the modular construction companies.

In summary, the data may suggest that modular projects can be completed quickly in the absence of supply issues.



Finding 18:

There is little evidence to suggest that the RHI requirement for rapid construction will negatively affect the long-term quality of project units.

Does the requirement for rapid construction affect construction integrity and the quality of RHI units?

Key informants were asked whether the RHI requirement for rapid construction could negatively affect the quality of units that are expected to last for 20 years. Most expressed no concerns that the requirement for rapid construction would have an impact on the long-term quality of projects, as units are required to meet local (or national) building code standards. A few proponents did express concerns of whether their subcontractors missed project details to ensure projects were completed on schedule. One proponent suggested that because of construction cost increases, subcontractors might have substituted higher quality material for lower quality (cost) materials. While these concerns could suggest a negative outcome for the long-term quality of these projects and units, no further evidence was provided or found to confirm if this was the case.

Survey results further elaborate on these concerns. Among surveyed proponents, only 9% found it easy to maintain construction quality despite the rapid time-lines, and more than half of respondents reported that it was neither easy nor difficult. However, concerns were evident, with 11% finding it difficult and 8% finding it very difficult to maintain construction quality under the pressure of rapid completion deadlines. Insights emerged from open-ended responses highlighting that proponents often faced a choice between opting for less expensive, potentially lower quality and energy efficiency options (for example, trailers or prefabricated homes), and selecting high-cost options (for example, steel modular homes), which, while offering better quality, reduce the number of units that can be built within budget constraints.



Finding 19:

RHI's provision of funding to municipalities via the Cities Stream is an efficient approach.

Is the provision of funding directly to municipalities efficient?

Most CMHC staff members indicated that the provision of funding directly to municipalities, via the Cities Stream, is an efficient and logical approach. Most of the major municipalities have established housing departments and can take a "big picture" view of the local needs for affordable housing, which supported the Cities Stream model. As one key informant stated, "The Cities Stream takes away a lot of unpredictability, as my city is not competing in a large pool of project applications." Additionally, cities could also apply under the Projects Stream if they had additional projects to propose.

Several CMHC staff members noted that cities in the territories and some southern cities in the Prairies do not have municipal housing departments, as the responsibility for housing is handled by the province/territory. It was suggested that the RHI program could have allocated funds to the Provinces/Territories directly, and they could have handled the allocation of funds to cities and Indigenous communities. In line with this, a couple of municipalities that lacked housing departments prior to the introduction of RHI, found the project application and delivery processes to be very challenging, as they lacked the resources needed to comply with all RHI requirements. These municipalities would have preferred for CMHC to provide RHI funding directly to the Provinces, which in turn would have allocated funding to municipalities. They found the CMHC reporting processes to be more onerous, compared with the processes used by the Provinces.

Having the municipality involved often improved efficiency such that municipalities could efficiently work through any permitting and zoning issues on behalf of their not-for-profit partners. Additionally, had the decision been made to allocate RHI funding directly to the Provinces, some provinces may have had insufficient capacity to administer a large number of agreements (with many cities and many projects in their province). Thus, an advantage of the Cities Stream model is that the administrative workload was spread across many municipalities. However, one municipality in Quebec noted that once they received the green light for their RHI funding, they had to work extremely fast to go through the process of municipal approval, which required scheduling a special meeting of the municipal council, suggesting that the process for Quebec is slightly more burdensome.

Several municipalities commented that they appreciated the fact that CMHC treated them as partners, recognizing their staff, systems, and stringent standards for housing development. They also appreciated the light-handed oversight on the part of CMHC. First Nations applicants also appreciated being treated as governments.

Finding 20:

RHI's provision of up to 100% contributions did allow for more rapid administration of funding to proponents. Had RHI been designed with a loan component, additional time and effort would have been dedicated to the underwriting process.

Does providing up to 100% contributions allow for rapid administration of funding to proponents?

CMHC key informants agreed that the provision of up to 100% contributions to proponents allowed for more rapid transfer of funding and thus more rapid completion of affordable housing units. The provision of up to 100% contributions up front was used for projects with the municipalities, Provinces and Territories (and their housing departments), and Indigenous governments. For not-for-profit partners participating in the Projects Stream, CMHC provided construction advances linked to the completion of milestones, which is the approach used by other CMHC programs. Several CMHC employees commented that First Nations very much appreciated that the process was the same as for municipal governments. CMHC staff members noted that the up to 100% contribution approach has since been applied to the Affordable Housing Fund for projects with municipalities, which was not the case before.

If the RHI had been designed with less than 100% contributions for capital construction, then proponents may have needed to acquire loans to ensure their project was fully financed. This would have required CMHC and its partners to devote more time to coordination and there would have been additional costs incurred for underwriting. It was noted that RHI units cannot be mortgaged in the future, which helps to ensure that the units will continue to be free of debt and thus deliver the best outcomes.

All key informants representing municipalities and First Nations were highly satisfied with the RHI's approach of providing up to 100% of the funding for capital construction up front and with the time between application and distribution of funding.

As noted above, not-for-profit partners funded under the Projects Stream received construction advances instead. A few of the not-for-profit organizations interviewed stated that this approach was burdensome due to construction cost increases that occurred following the submission of their application. For example, one affordable housing provider experienced significant additional construction costs on their RHI-2 project due to supply chain delays, labour shortages, and bad weather. They also reported that they had to cover the initial costs of their development from their own funding commitment to the project (40% of the total) before they were able to start receiving funding from the RHI.¹⁸ This requirement was a burden on the organization's fundraising efforts in the lead up to, and during, construction.

One affordable housing provider (of a successful RHI-2 project) was advised to obtain a line of credit in addition to their building reserve fund. However, the project incurred additional construction costs, as prices rose rapidly from the time of application in August 2021 to the commencement of construction in March 2022, and the organization was unable to pay its general contractor. As a result, the organization held fundraising events to cover the costs. The not-for-profit housing provider suggested that it would be useful for CMHC to provide advances similar to those provided to municipalities in the Cities Stream.

¹⁸ This requirement was in place to ensure borrower equity sources remained available to the project.

Several not-for-profit proponents stated that RHI-1 and RHI-2 should have been designed to allow for construction cost increases. Given that the RHI had a finite amount of funding, setting aside a financial reserve for potential cost increases would have likely resulted in a smaller number of units being approved to be built. However, housing providers who experienced cost overruns faced burdens. Thus, in future program design, holding back funding to allow for construction cost increases and any associated trade-offs should be considered carefully. Additionally, in future program design, it may be prudent to require a higher contingency amount factored into proponents' proposed budgets.

RHI application scoring encouraged proponents to provide a larger share of the costs for a project (either on their own or through cost-sharing), as those who contributed more received a higher score. One First Nation suggested that not all First Nations would be able to make a financial contribution to a project and so advocated for a low threshold for shared costs if this should be made a feature of possible future rounds of the program.



Finding 21:

RHI's approach of providing up to 100% contributions serves to deepen affordability.

Does providing up to 100% contributions enable proponents to deepen affordability?

CMHC employees agreed that the provision of up to 100% contributions does serve to deepen affordability. Proponents building housing for low-income people experiencing homelessness cannot charge market rents. In the absence of contributions provided by RHI, proponents would have had to seek out financing from other sources, and factor in the repayment of capital and interest costs into the rents charged to tenants. Some small not-for-profit affordable providers noted in interviews that they have limited cash reserves and without RHI funding, they would have had to arrange a mortgage.

Survey evidence from RHI proponents reinforces the critical role of RHI contributions. A majority of respondents (83%) indicated that without RHI funding, their projects would have resulted in fewer affordable housing units. Additionally, 37% of respondents noted that, without RHI funding, there would be less focus on priority populations, such as seniors, Indigenous peoples, and those at risk of homelessness. However, it should be reiterated that some groups, such as veterans and racialized groups, did not have many units targeted to them.

One not-for-profit affordable housing provider in Atlantic Canada constructed one housing development via RHI funding and three housing developments on the same property with AHF financing. The RHI project is the only one that is devoted to lower-income tenants. The other three AHF projects have a mix of rent levels. Together, the proponent hopes the four projects will break even over the long term.

Several First Nations proponents noted that they charge very low rents to members. The rental revenue may not cover the housing project's ongoing operational costs, and in these instances the First Nation covers the balance out of other funding sources or its cash reserves.

Finding 22:

The RHI is a cost-effective program. CMHC's contribution per unit was less than planned, as proponents contributed to project costs. Many more affordable housing units were funded than planned.

Overall cost effectiveness of the RHI and sharing of project costs

One measure of the cost effectiveness of the RHI program is the cost per unit. Table 12 provides data on cost per unit and how costs are shared between the RHI and proponents, on a per unit basis, for RHI-1 and RHI-2. The analysis looks at per unit costs rather than per project costs, given the wide variety in the number of units across projects. Note that the available cost data was drawn from contribution agreements at the time of project approval and does not consider additional costs that may have been incurred by proponents by the time construction was completed. Many of the project proponents interviewed noted that their actual construction costs were greater than anticipated at the time of approval by the program.

For RHI-1, the average total cost per unit was \$302,256, of which CMHC contributed \$200,252 and the proponent \$102,004. The average proponent share per unit is 34% based on these amounts. The average proponent share on a per-project basis is 30% as shown in table 12. This suggests proponents contributed a greater percentage of the total costs toward larger (in terms of number of units) projects. For RHI-2, the average total cost per unit increased to \$369,364, of which CMHC contributed \$288,300 and the proponent \$81,064. The average proponent share per unit is 22% based on these numbers. On a per-project basis the share was 21% under RHI-2 (table 12). This suggests proponents paid a similar share toward the cost for smaller and larger projects (in terms of units) under RHI-2.

RHI application scoring encouraged proponents to provide a larger share of the costs for a project (either on their own or through cost-sharing), as those who contributed more received a higher score. However, there were 44 projects under RHI-1 and 50 projects under RHI-2 with no contribution by the proponent; that is, 100% of the contribution was from the RHI. This represents 19% and 16% of the total number of RHI-1 and RHI-2 projects, respectively.

As described earlier, RHI-1 and RHI-2 exceeded their targets for construction of units. One reason is that RHI's actual contribution per unit was less than projected. The budget for RHI was based on a cost per unit of \$350,000. As outlined above, RHI's actual contribution per project was considerably less than this figure, as other sources could contribute to the total project costs (for example, proponent equity, other funding partners, land donations). This enabled more units to be funded than planned.

Table 12: Cost per Unit and Sharing of Costs with Proponents

Proponent Share Percentage	Number of Projects (n)	Total Cost (\$/unit)	Proponent Cost (\$/unit)	RHI Cost (\$/unit)	Proponent Share by Project (%)
RHI-1					
0	44	263,415	-	263,415	0
> 0 to <25	75	286,375	34,450	251,925	12
25 to <50	53	275,153	96,381	178,772	35
50 to <75	34	363,605	229,036	134,569	63
75 to <100	22	404,562	353,534	51,028	87
Average		302,256	102,004	200,252	30
RHI-2					
0	50	343,966	-	347,844	0
> 0 to <25	163	366,943	44,261	322,682	12
25 to <50	75	378,732	142,549	236,183	38
50 to <75	17	418,311	254,153	164,158	62
75 to <100	11	363,533	308,159	55,374	85
Average		369,364	81,064	288,300	21

Note. Data was unavailable for 4 projects in RHI-1 and 4 projects in RHI-2.

Finding 23:

RHI's design is generally considered reasonable and feasible, except for the 12-month completion target.

Is the RHI's design reasonable and feasible?

Overall, CMHC key informants indicated that the RHI requirements were reasonable and feasible, except for the 12-month completion target. While this target probably was not realistic, particularly given the COVID-19 context, some managers stated it was important to have an ambitious target, as it pushed proponents to find ways of speeding up the approval and construction processes. It was also noted that when RHI-1 was launched, few would have anticipated how long the pandemic would last, with its resulting significant impacts on construction shutdowns, supply chains and costs. In instances where proponents indicated they would not be able to meet the 12-month target, CMHC worked with them to find ways of keeping projects on track.

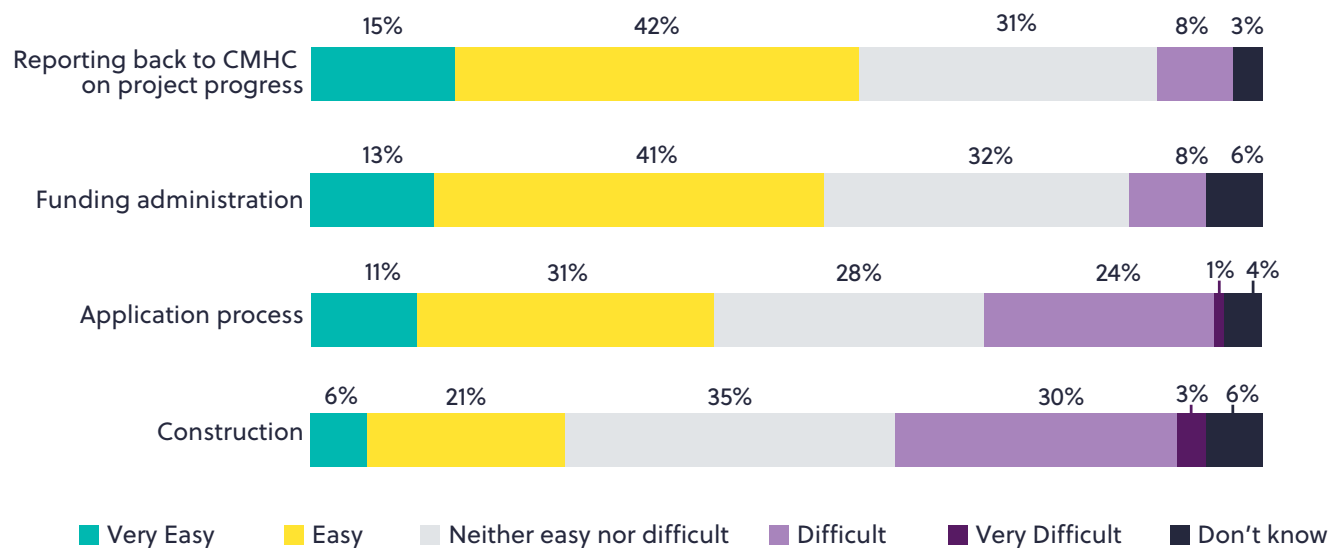
Municipal representatives generally agreed that they had no major issues in selecting applications from not-for-profit organizations that met the RHI requirements. However, several municipalities noted that the RHI's requirement for rapid construction limited both the number and types of projects that could be considered for funding. For example, the steps of securing land, obtaining land use approval, building permitting, and completing the tender process typically takes several years for new builds. This meant that for new construction, their not-for-profit partners had to have shovel-ready projects in hand to apply for RHI funding. In several cities, there were few other projects "sitting on the shelf" that could have been considered for RHI funding but would not have met the timeline requirements.

Another issue raised by a few municipalities was that price gouging may have occurred, as owners of buildings identified for acquisition or rehabilitation were aware that the City had received dedicated funding from CMHC. Furthermore, one First Nations proponent was surprised that the RHI program did not require a competitive bidding process, stating that its absence may have led to higher costs.

In alignment with key informant interviews, most proponents surveyed reported positive experiences across different stages of program administration, as noted in figure 10. Specifically, almost half of respondents (42%) found the application process to be easy or very easy. In the funding administration and reporting back to CMHC stages, 54% and 57%, respectively, described their experience as easy or very easy, suggesting a straightforward process.

Figure 10: Proponent Experiences with RHI Program Administration Stages

A majority of proponents surveyed found the funding administration and reporting back to CMHC stages to be **easy** or **very easy**.



A few municipalities stated that they had an excess of shovel-ready projects that could have been supported had their RHI funding allocation been greater. One reason is that these communities have several experienced not-for-profit affordable housing providers. Another highlighted that, as the number of cities included in the Cities Stream expanded from RHI-1 to RHI-2, the proportionate allocations were diluted.

An issue raised by an experienced affordable housing provider in Atlantic Canada is that they cannot access their equity associated with their RHI-1 project (they invested their own funds to acquire the property) to fund the construction of additional affordable housing units. They would like to proceed with phase two by constructing additional affordable housing units on the site, by accessing AHF funding, however, the RHI program does not permit the use of equity to obtain financing. This was part of the RHI design to ensure that RHI projects remain without debt so that units can stay affordable.

Another issue raised by not-for-profit providers is the RHI requirement for constructing new rental units. They noted that there have been many instances where landlords have put their affordable housing buildings on the market, to be bought and converted

to market housing. There is confusion as to why a project taking a previous affordable rental property and ensuring it continues to provide affordable housing would not be eligible given that this would prevent the loss of current units. This trade-off should be considered when designing future programs to ensure that the highest number of affordable units are available.

Several internal interviewees commented that they have received positive feedback from First Nations communities regarding the design and delivery of the RHI. First Nations communities were hit particularly hard by the pandemic, due to the crowded housing conditions that exist in many communities. They appreciated the fact that the Government was doing something concrete to help increase the supply of affordable housing.

CMHC employees noted that few Inuit or Métis organizations were funded by RHI-1. The analysis of internal program data shows that five Métis-led and four Inuit-led projects were funded under the two RHI rounds (there were also additional projects under the Cities Stream). Challenges for Métis and Inuit to achieve the rapid construction timeline are outlined above.

First Nations were successful in receiving funding through RHI-1, which may have been attributed to their government status and the streamlined application process. An internal analysis by CMHC's Indigenous policy group found that the scoring grid used for RHI-1 prevented Inuit and Métis organizations from achieving high scores. An example is the project expediency criteria (related to project completion and tenancy), which is more challenging in the North. Inuit organizations, for example, would likely not be able to complete their projects within 12 months. This is because nearly all communities are not accessible by road and both equipment and crews need to be brought up from the South via one of the summer sealifts. They would therefore receive zero points with RHI's current expediency criteria. To address this, in RHI-2, northern and remote proponents were given additional time to complete their projects. Additionally, RHI did not follow a co-development process with Indigenous governing bodies, which is now a requirement when designing all new federal programs.

Some CMHC staff members stated that an area for improvement in the post-project attestation process would be to collect individual unit-level data on rents, although, as noted earlier, proponents would incur additional costs to implement a reporting process.

Key informants representing projects in the two streams were generally positive toward the RHI's reporting requirements, although some municipal representatives indicated that some of the definitions were unclear (for example, project completion date, occupancy date, building start date). It was suggested that CMHC should be holding periodic consultation sessions with proponents to discuss and clarify definitions.

The online reporting portal has been generally well received, with only minor issues. For example, one interviewee noted that none of the fields automatically populate with previously entered information, and some of the questions are difficult to answer. For example, they are now required to specify the date for 25% occupancy, which was not required previously.

Finding 24:

CMHC showed flexibility when delays occurred beyond the proponent's control.

To what extent were project extensions used to accommodate barriers in delivery?

RHI recipients could request an extension to the project completion timeline, due to such factors as accessibility challenges or schedule disruptions due to COVID-19.

CMHC employees indicated that relatively few project extensions were granted under RHI-1 and RHI-2. A few project proponents stated that they had received extensions. It is clear from the interviews with proponents that they were very focused on completing their RHI projects as quickly as possible, as they were concerned that if they did not meet the deadline in their contribution agreement, then CMHC might disqualify them from applying to future RHI rounds. Those that had experienced delays had not experienced such an issue to date.



Finding 25:

CMHC's costs related to administering the RHI program are very low, reflecting the program's streamlined application and delivery processes.

Efficiency of RHI design and delivery

The evaluation looked at the costs incurred by CMHC in administering the RHI program.¹⁹ On a per-project basis, the average administration cost incurred in delivering the 552 projects was \$79,256. On a per unit basis, the average administration cost for the 10,298 units was \$4,248 per unit. The total costs of administering RHI-1 and RHI-2 are expected to be \$43.75 million, which represents a very small percentage (about 2%) of total RHI contributions.

Overall, CMHC employees believe that the RHI's design and delivery are more efficient compared to other CMHC programs. CMHC programs that provide loans, such as the AHF, require considerable effort by CMHC devoted to underwriting, loan management, and due diligence. Those employees involved in designing the RHI stated that the process worked very well and could be the model used in future programs by the federal government. The process featured excellent teamwork involving multiple teams and functions across CMHC and the design team was provided with access to the necessary resources.

The reporting process was also viewed positively compared to other CMHC programs, which involve heavy reporting, including rent rolls or detailed spreadsheets to program requirements are met, and the provision of annual financial statements. This reporting burden is particularly onerous for not-for-profits. Not-for-profits are often understaffed and rely heavily on volunteers to run their operations. High reporting requirements take away valuable time that could be devoted to project delivery.

¹⁹ Administration costs consist of base salaries of employees plus employment-related costs (benefits, pensions, etc.) along with an amount covering normal overheads related to employment (for example, workstations, IT maintenance, training and contributions related to support services [legal, audit and evaluation, marketing, and promotion]). Note that the federal government does not include any allowance for office costs. Administration costs are estimated until March 31, 2043, and include the costs related to ongoing RHI project monitoring over the lifetime of the contribution agreements.

Conclusion, Recommendations and Key Considerations

There continues to be an urgent need for a program such as the RHI that funds the construction of affordable housing to meet the needs of priority groups experiencing, or at risk of homelessness. Over a half million Canadians live in severe housing need, and homelessness has become a chronic issue in many Canadian cities. While all types of affordable housing are needed across Canada, key informants indicated that the most urgent need is for permanent supportive housing followed by transitional housing.

The evaluation examined a total of 552 projects approved by RHI-1 and RHI-2. These 552 projects supported the construction of a total of 10,298 units—well above the 7,500 units targeted. The total RHI contribution was \$2.296 billion, while the total approved cost of these units was \$3.343 billion. Thus, RHI's share of the approved costs was 68.7% while proponents contributed 31%. Key informants representing project proponents indicated that many of their RHI projects incurred cost overruns; thus, the proponents' share of actual total costs is somewhat higher. The program's final costs of projects were not available at the time of the evaluation.

The evaluation considers the RHI to be a cost-effective program. On a per unit basis, RHI-1's contribution was \$200,252, while proponents contributed an average of \$102,004, for a total cost per unit of \$302,256. For RHI-2, RHI's contribution was \$288,300, while proponents contributed an average of \$81,064, for a total cost per unit of \$369,364. The higher costs for RHI-2 likely reflect the rapidly increasing costs for construction materials that occurred starting in mid-2020 and continued into the first quarter of 2023.

Not surprisingly, just over one-half (57%) of the projects completed by RHI-1 and RHI-2 involved modular construction, as this was the preferred type of construction under RHI-1 (exceptions were made for projects in areas where there were challenges in using modular construction). Stick-built accounted for over one-quarter (26%) of projects, 13% were conversions and 4% were rehabilitation or repair.

Funding projects using either modular or stick-built construction contributed to the success of the program. Modular projects cost less per unit compared to those that employ stick construction and can generally be completed faster when there is sufficient supplier capacity and when the project location is close to the supplier.

In terms of proponent type, about one-half (48%) of projects were led by Indigenous governing bodies, followed by provincial/territorial governments (28%) and municipalities (23%). Very few projects in the Projects Stream were led by not-for-profit or co-operative housing providers, but these organizations were heavily involved in the Cities Stream as they partnered with the Provinces/Territories and municipalities to deliver projects.

Of the projects led by Indigenous governing bodies, almost all were led by First Nations governments. Very few Métis and Inuit organizations led projects (9 projects in total), which may be attributed to the application scoring grid posing a challenge for these organizations to receive high scores given the specific challenges for construction in remote areas.

The RHI program succeeded in supporting the construction of housing targeting priority populations prioritized under the NHS. The main priority group served by the program is Indigenous peoples (42% of all units under RHI-1 and RHI-2), followed by homeless people or those at risk of homelessness (26%) and seniors (12%). RHI-2 also achieved its target of allocating 25% of funding to projects targeting women and/or women and their children, as 31% of units (across the two rounds) were expected to target this demographic group.

RHI-1 and RHI-2 had an aggressive target of 12 months for projects to be completed and occupied. RHI-2 projects in the North or in areas with accessibility challenges were given a longer completion target of 18 months. Only 22% of projects under RHI-1 met this completion target, while almost another one-quarter

(24%) were completed within an additional 6 months. RHI-2 performed better, as one-third (33%) of projects achieved this target while another 38% were completed within an additional six months of their target completion. Many factors contributed to construction delays, including COVID-19 and its related impacts such as shortages in construction labour, global supply chain disruptions, and increases in material costs.

Project proponents must agree to keep their RHI units affordable for at least 20 years. RHI's maximum contribution of up to 100% of construction costs helps to make this possible, as proponents are free of debt and not incurring the costs of repaying capital and interest charges on loans, enabling them to charge lower rents. The program is not collecting data on the actual rents charged to tenants or on the gross incomes of households; thus, it is not possible to measure the depth of affordability of RHI units.

Overall, key informants indicated that the RHI was well designed, although the 12-month completion target limited both the number and types of projects that could be considered for funding. For new construction, this meant that proponents had to have shovel-ready projects in hand to be able to apply to the program. If the RHI program were to continue beyond round 3, proponents recommended that the program be made permanent, which would enable them to do long-term planning and create a stream of well-developed project opportunities and identify suitable not-for-profit operators.

Key informants were supportive of the decision made by the federal government to provide funding to municipalities via the RHI's Cities Stream. Municipal representatives appreciated CMHC treating them as a partner, recognizing that they have the staff and systems in place and their own stringent standards for housing development. First Nations proponents also appreciated being treated as governments.

CMHC's costs related to administering the RHI program are very low. Other NHS programs, such as the Affordable Housing Fund, involve more administration, due to the lengthy project approval process and the requirements related to underwriting and due diligence before providing loans.

Project proponents were generally positive toward the RHI's reporting requirements, although it was suggested that CMHC should consult regularly with proponents to identify any issues. The online portal has generally been well received with only minor glitches. The post-construction attestation process is not collecting sufficient data on several parameters relating to the performance of the program. For example, no data is collected on rents charged to tenants so it is not possible to assess the program's depth of affordability or to compare RHI rents.

The evaluation proposes the following recommendation and key consideration.

Recommendation :

a) Continue the development of a data collection strategy to ensure accurate information on unit occupancy and post-construction validation to report on RHI achievements.

The evaluation relied on data stored in CMHC's internal program database to assess the RHI's performance in achieving its intended outcomes pertaining to the creation of new affordable housing units that serve priority populations within targeted timelines. In addition, the evaluation sought to examine the extent that successful projects were meeting the requirements or objectives of the program. However, there were limitations with the data to fully make this assessment. At the time of the evaluation, reliance on application data was still needed for some requirements and some metrics were not collected. Since the time of data collection for this report, some changes have been made, specifically, data on accessibility and energy efficiency are now being collected as part of the post construction reporting. Therefore, continuation of improved data governance could be beneficial to better understand the success of RHI projects and could be considered in future program design.

Project proponents stated they were unclear on the definitions of some of the terms used in attestation reporting and suggested that CMHC hold periodic virtual town halls to obtain feedback from proponents and to resolve any issues, in addition to the monthly client outreach touchpoints the program holds.

There is also a need to collect ongoing information about the tenants in RHI projects and in projects funded by other affordable housing programs, to better measure the performance of the program in providing affordable units to targeted priority populations. Having this information will enable CMHC to report details on the priority populations being served to Canadians, including the number of people who were previously homeless and on the depth of affordability of funded housing projects. Learnings from the data collected from tenants could support future decision making on program design. CMHC should continue to work with stakeholders to advance a robust data collection strategy.

Key Consideration:

a) Future programs/funding streams with similar objectives to RHI could consider: a continued rapid completion goal; multi-year funding rather than annual funding allocations; and broader inclusivity and eligibility criteria for applicants, specifically better support for Métis and Inuit applicants

This evaluation report was completed as the third RHI funding round was being administered, and should the RHI program be renewed, or be replaced by a new program with similar objectives, the evaluation findings provide useful considerations for future program design and features:

- There are benefits to allocating funding on a multi-year basis. This would permit municipalities to do long-term planning and create a stream of well-developed project opportunities and to identify suitable not-for-profit operators. For the Projects Stream, an annual application cycle could be held.
- A stream specific for Indigenous governing bodies that specifically takes into consideration the unique needs of Métis and Inuit could be considered.
- Continue to maintain a rapid completion time frame that allows for flexibility to accommodate changes in the construction environment.

Annex A: Acronyms and Abbreviations

Acronym	Name
AHF	Affordable Housing Fund
CMA	census metropolitan area
CMHC	Canada Mortgage and Housing Corporation
EQ	evaluation question
ESDC	Employment and Social Development Canada
RGI	rent-geared-to-income
MMR	median market rent
NBC	National Building Code
NEBC	National Energy Code for Buildings
NHS	National Housing Strategy
P/T	provincial/territorial
RHI	Rapid Housing Initiative
RR	rehabilitation or repair
SHN	severe housing need

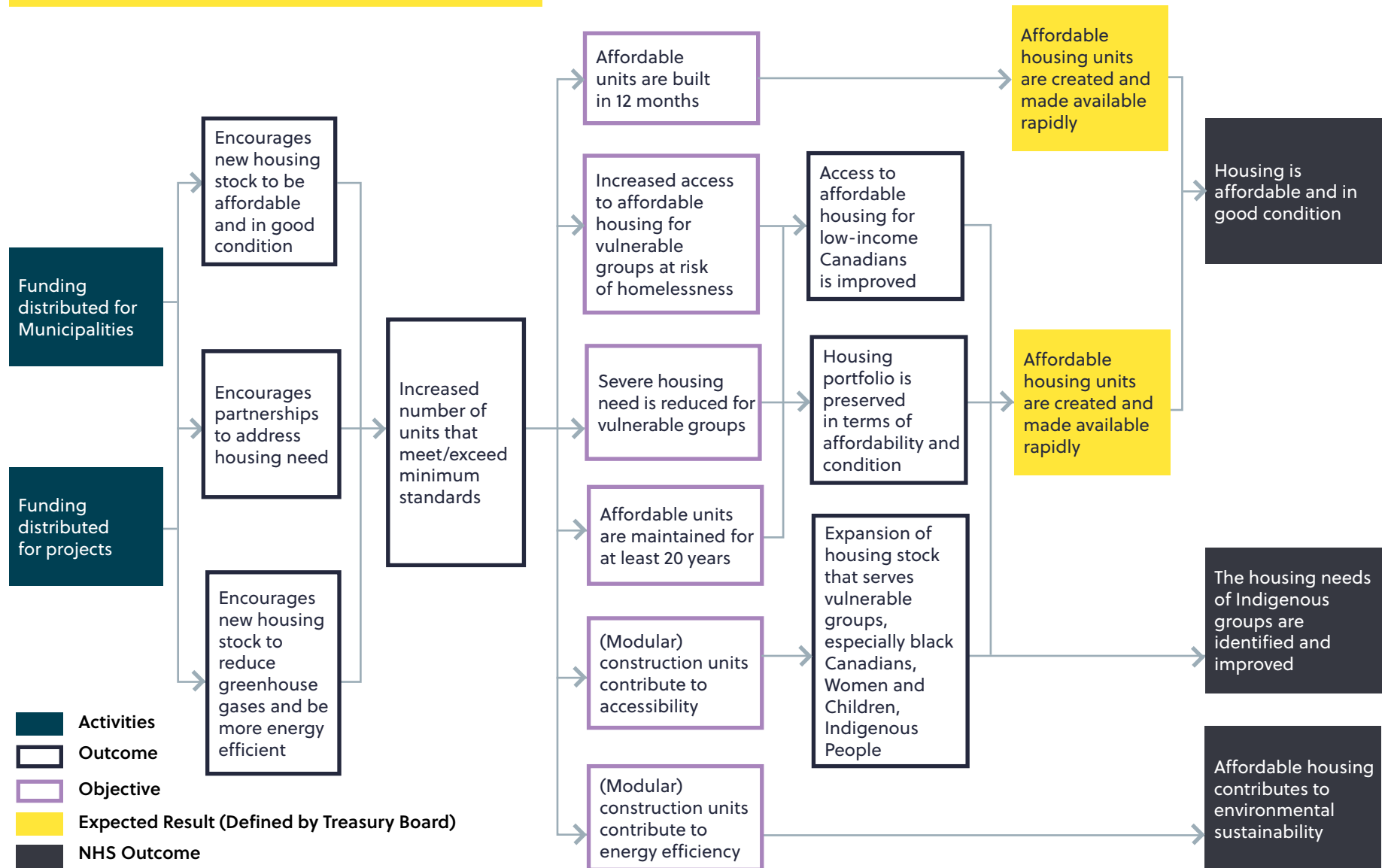
Annex B: Key Definitions

Term	Definition
accessibility (housing)	Refers to the manner in which the housing is designed, constructed, or modified (such as through repair/renovation/renewal or modification of a home), to enable independent living for persons with diverse abilities. Accessibility is achieved through design, but also by adding features that make a home more accessible, such as modified cabinetry, furniture, space, shelves and cupboards, or electronic devices that improve the overall ability to function in a home. For the RHI, new construction projects must have exceeded the accessibility requirements of their jurisdiction by providing an additional 5% of accessible units above the local requirements. Conversions/rehabilitations were not required to meet a minimum requirement above code for accessibility.
affordable housing	A housing unit that can be owned or rented by a household with shelter costs (rent or mortgage, utilities, etc.) that are less than 30% of its gross income.
community housing	An umbrella term that typically refers to either housing that is owned and operated by non-profit housing societies and housing co-operatives, or housing owned by provincial, territorial or municipal governments.
conversion	Conversion refers to the process of transforming a building from its current use (for example, commercial, industrial) into a residential use, or modifying a residential structure to increase the number of dwelling units.
core housing need	A household is considered in “core housing need” if its housing does not meet one or more of the adequacy, suitability, or affordability standards, and it would have to spend 30% or more of its before-tax income to access acceptable housing. Acceptable housing is adequate in condition, suitable in size, and affordable. Adequate housing does not require any major repairs, according to residents. Suitable housing has enough bedrooms for the size (number of people) and makeup (gender, single/couple, etc.) of the household, according to National Occupancy Standard (NOS) requirements. ²⁰
energy efficiency	Using energy more effectively, and often refers to some form of change in technology. Energy efficiency measures differences in how much energy is used to provide the same level of comfort, performance, or convenience by the same type of product or building. For the RHI, new construction projects were expected to meet a minimum energy efficiency of 5% or more above the energy efficiency standards as set out in the 2015 National Energy Code for Buildings (NECB) or meet the local/regional standard, whichever was higher. Conversions/rehabilitations were not required to meet a minimum requirement above code for energy efficiency.

²⁰ See CMHC (2019).

Term	Definition
financial viability	The ability for the building owner or manager to generate sufficient income (from rent, common element fees, etc.) to meet its operating payments, debt commitments, and saving for future capital needs to maintain the building in good condition.
mixed-income housing	Any type of housing development (rent or owned) that includes a range of income levels among its residents, including low, moderate and/or higher incomes.
mixed tenure housing	Refers to a development with a variety of cost and tenure options. For example, developments that include social and affordable housing alongside housing offered at full market price. This could also include rental and homeownership under stratification.
mixed-use development	The development of land or a building with two or more different uses, such as residential, office and retail. Mixed-use can occur vertically within a building, or horizontally on a site.
modular construction	Modular construction is defined as housing units that are partially or fully built off-site (for example, in a factory, warehouse, or similar facility) by a qualified manufacturer and delivered to the site in whole or in parts and installed on an appropriately zoned and serviced lot. This may range between single, scattered units up to larger multi-unit housing projects.
priority populations	Women, children, and persons belonging, or perceived to belong, to groups that are in a disadvantaged position or marginalized are often referred to as priority groups. The National Housing Strategy priority groups/populations are defined to include survivors (especially women and children) fleeing domestic violence; seniors; Indigenous peoples; people with disabilities; those dealing with mental health and addiction issues; veterans; LGBTQ2+; racialized groups; newcomers (including refugees); individuals and families experiencing homelessness; and young adults.
repair and rehabilitation	Repair and rehabilitation encompasses the diverse scope of work needed to bring a home to a decent, safe, sanitary, and habitable condition, addressing health, safety, and durability issues.
stick-build construction	Stick-build construction, or traditional construction, methods refer to construction techniques (wood-frame, steel-frame, concrete, etc.) in which all of the work and construction activities are substantially performed on site as opposed to off-site. On-site construction refers to the actual process of the assembly of materials, equipment and systems that constitute a building that happens on the site.

Annex C: RHI Logic Model



Annex D: Evaluation Matrix

The table below lists the evaluation issues and questions, along with the corresponding measurement indicators and the lines of evidence used to gather information.

Evaluation Questions and Indicators	Lines of Evidence			
	Program Data and Documentation	Literature Review	Key Informant Interviews	Surveys
Relevance and Coherence				
EQA.1: Is there a continued need to rapidly increase the supply of housing for low-income residents?				
Demand for affordable housing for priority groups, especially those experiencing homelessness or living in transitional housing in the context of COVID-19		X	X	
Extent to which there is an immediate need for affordable housing: rental, mixed use, transitional, permanent supportive, single room occupancy and independent seniors living		X	X	
Rate of homelessness/insecurity within the context of COVID-19		X	X	
Impact of COVID-19 on the housing industry		X	X	
Extent to which there is a need for a program like RHI to support the expansion of affordable housing		X	X	X
EQA.2: Is the RHI complementary to, or duplicative with other programs?				
Extent to which the RHI program is complementary to or duplicative with other federal and provincial/territorial programs	X	X	X	
Sustainability				
EQB.1: To what extent are the projects funded under the program sustainable?				
Extent to which project units are expected to meet affordability requirement (20 years)		X	X	X

Evaluation Questions and Indicators	Lines of Evidence			
	Program Data and Documentation	Literature Review	Key Informant Interviews	Surveys
Effectiveness				
EQC.1: To what extent is the RHI program achieving its intended outcomes?				
Extent to which project construction completion targets are achieved	X		X	X
Extent to which project unit tenure is greater than 3 months	X		X	X
Extent to which project units are affordable	X		X	X
Extent to which project units are provided to priority populations	X		X	X
Extent to which project units are energy-efficient	X		X	X
Extent to which project units are accessible	X		X	X
Efficiency				
EQD.1: Are there more efficient ways to design or deliver the RHI program?				
Extent to which program design changes between RHI-1 and RHI-2 had an impact on program delivery and outcomes	X			
Trade-offs between rapid construction and costs	X			
Trade-offs between rapid construction and sustainability (for example, expected lifespan of modular vs. stick-built units)	X	X		
Overall cost effectiveness of the RHI program compared to other NHS programs	X	X	X	

Evaluation Questions and Indicators	Lines of Evidence			
	Program Data and Documentation	Literature Review	Key Informant Interviews	Surveys
Efficiency of funding mechanism of providing funding directly to municipalities			X	
Extent to which contributions (up to 100%) allow for rapid administration of funding to proponents			X	
Extent to which contributions (up to 100%) enable proponents to deepen affordability	X		X	X
Extent to which project costs are cost-shared	X			
Extent to which modular housing is developed more rapidly compared to traditional construction methods	X	X		
Extent to which the program design is reasonable (right requirements) and feasible (right timelines) compared to industry standard	X	X		
Extent to which project extensions were utilized to accommodate barriers in delivery	X		X	
Stakeholder perceptions on the overall efficiency of the RHI's design and delivery			X	

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Annex F: Comparison of RHI to Other Federal and Provincial/Territorial Programs

Other F/P/T Programs	Vulnerable Populations Targeted?	Contribution Funding?	Up to 100% of Capital Costs Covered?	Target Construction Time of 12 Months?	Affordability Maintained for ≥ 20 Years?	Rents ≤30% of Tenants' Gross Incomes?	Units Exceed Minimum Energy Efficiency Standards?	Units Exceed Minimum Accessibility Requirements?
Federal								
NHS: National Housing Co-investment Fund (NHCF)*	Yes	No Combination of forgivable & repayable loans	No Non-profits, co-ops, Indigenous: ≤95%; P/T, munis, private: ≤75%)	No	Yes	No Rents for 30% of units must be ≤80% of MMR	Yes	Meet or exceed
NHS: Affordable Housing Innovation Fund (AHIF)	May be included	No Innovative financing arrangements	No Max. of \$25-125K per unit	No	No ≥10 years	No? Expected to have no/reduced reliance on public subsidies	Yes	Meet or exceed
NHS: Rental Construction Financing initiative (RCFi)**	No	No Low-interest loans	Yes Residential loans; ≤75% for non-residential loans	No	No ≥10 years	No Rents for ≥20% of units at ≤MMR	Yes	Meet or exceed
NHS: Reaching Home	Included	Yes	No	No	No ≥5 years	(Not Specified)	(Not Specified)	(Not Specified)

* The NHCF is now the Affordable Housing Fund. Changes to the program in 2024 allow for contributions to be provided to specific types of projects.

** The RCFi is now the Apartment Loan Construction Program

Other F/P/T Programs	Vulnerable Populations Targeted?	Contribution Funding?	Up to 100% of Capital Costs Covered?	Target Construction Time of 12 Months?	Affordability Maintained for ≥ 20 Years?	Rents ≤30% of Tenants' Gross Incomes?	Units Exceed Minimum Energy Efficiency Standards?	Units Exceed Minimum Accessibility Requirements?
On-Reserve Non-Profit Housing Program (Section 95)	Yes On-reserve only	No Low-cost repayable loans	Yes	No	Partially May be ≤25 years	(Not Specified)	Meet	Meet or exceed
Provincial/Territorial								
BC: Community Housing Fund (CHF)	Included	Yes	No Max. of \$158,294/unit	No	Yes	RGI for 70% of units	Yes 20%-better efficiency	≥5% of units
BC: Indigenous Housing Fund (IHF)	Yes Indigenous households	Yes	No Max. of \$200,000/unit	No	Yes	Yes All units RGI	Yes 20% better efficiency	≥5% of units
AB: Affordable Housing Partnership Program (AHPP)	Included	Yes	No ≤33% of total cost; max. of \$85,000/unit	No	Yes	No 60% of MMR for ≥10% of units	(Not Specified)	(Not specified)
AB: Indigenous Housing Capital Program (IHCP)	Yes Indigenous households	Yes	No ≤90% of total cost	No	No 10-20 years	Yes All units RGI	(Not Specified)	(Not Specified)
SK: Rental Development Program (RDP)	Yes	No Forgivable loans	No ≤70% of total cost	No	No 10-20 years	Yes All units RGI	Meet	Meet or exceed

Other F/P/T Programs	Vulnerable Populations Targeted?	Contribution Funding?	Up to 100% of Capital Costs Covered?	Target Construction Time of 12 Months?	Affordability Maintained for ≥ 20 Years?	Rents ≤30% of Tenants' Gross Incomes?	Units Exceed Minimum Energy Efficiency Standards?	Units Exceed Minimum Accessibility Requirements?
SK: Saskatchewan Co-Investment Program (SCIP)	Included	No Forgivable loans	No Max. of \$27,000/unit	No	No ≥10 Years	No <80% of MMR for ≥30% of units	Meet	Meet or exceed
MB: Periodic RFPs	Yes	No Forgivable loans	No Variable	No	Yes	Yes All units RGI	Yes	≥5% of units
ON: Ontario Priorities Housing Initiative (OPHI)	Yes	No Forgivable loans	No ≤75% of total cost	No	Yes	No ≤80% of CMHC average market rent	Meet or exceed	Meet or exceed
ON: Indigenous Supportive Housing Program (ISHP)	Yes Indigenous households	No Forgivable loans	No ≤75% of total cost	No	Yes	No ≤80% of CMHC average market rent	Meet or exceed	Meet or exceed
QC: Programme d'habitation abordable Québec (PHAQ)	Included	Yes	No 10% – 60% of cost	No	Partially 10 – 35 years	Yes RGI of 25% of gross income	Meet or exceed	≥10% of units
NB: Affordable Rental Housing Program (ARHP)	Included	No Forgivable loans	No Capped amounts; varying by unit size and proponent type	No	No ≥10 Years	Yes All units RGI	Meet or exceed	≥15% of units

Other F/P/T Programs	Vulnerable Populations Targeted?	Contribution Funding?	Up to 100% of Capital Costs Covered?	Target Construction Time of 12 Months?	Affordability Maintained for ≥ 20 Years?	Rents ≤30% of Tenants' Gross Incomes?	Units Exceed Minimum Energy Efficiency Standards?	Units Exceed Minimum Accessibility Requirements?
PEI: Affordable Housing Development Program (AHDP)	Included	No Forgivable loans	No Capped amounts; varying by unit size and proponent type	No	No ≥10 Years	Yes RGI of 25% of net monthly income	Meet or exceed	20% of units
PEI: Community Housing Fund (CHF)	Yes	Yes	No 30% of capital costs, to \$1M/ project	No	(Not Specified)	Yes RGI of 25% of net monthly income	(Not Specified)	(Not Specified)
NS: Affordable Housing Development Program (AHDP)	Included	No Forgivable loans	Potentially Amount/% depends on affordability time, rent vs. MMR, # of units	No	No ≥15 Years	No ≥20% below CMHC average or MMR	Meet or exceed	Meet or exceed
NL: Affordable Rental Housing Program (ARHP)	Included	No Forgivable loans	No Capped amounts; varying by proponent type	No	Partially Community stream: 25-30 years Private Sector: 15-20 years	No Maximum rates set by NLHC; linked to CMHC rental market reports	Meet or exceed	≥1 unit or 10% of units
YU: Housing Initiative Fund (HIF)	Included	Yes	No Capped: ≤\$100,000/ unit; max. of \$1M/ project	No	Yes	No Less than MMR or average home price	Yes	≥1 unit or 20% of units

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Alternative text and data for figures

Figure 1: Distribution of unit types across RHI-1 and RHI-2

Type of Unit	RHI-1	RHI-2	Total
Modular	71.6%	46.3%	56.9%
Stick	9.9%	38.1%	26.3%
Conversion	13.8%	12.5%	13.0%
Rehabilitation or repair (RRR)	4.7%	3.1%	3.8%

Figure 2: Proponent Type under RHI1 AND 2

Proponent Type	RHI-1	RHI-2	Total
Indigenous	46.6%	48.4%	47.6%
Province/Territory	27.2%	29.4%	28.4%
Municipality	25.9%	20.0%	22.5%
Not-for-Profit/Co-operative	0.1%	2.2%	1.4%

Figure 3: Project Location under RHI-1 AND 2

Location	RHI-1	RHI-2	Total
Urban	52.6%	48.8%	50.4%
On-Reserve	33.2%	37.8%	35.9%
Rural	9.0%	5.0%	6.7%
Remote	3.0%	5.3%	4.3%
Northern	2.2%	3.1%	2.7%

Figure 4: Trends in Construction Employment vs. Total Employment (Seasonally adjusted)

Month-Year	Number of Construction Employment	Number of Total Employment	Construction Sector	Total Employment
Jan-19	1,434.40	18,973.90	95.0%	98.7%
Feb-19	1,435.40	19,025.10	95.0%	99.0%
Mar-19	1,433.10	18,989.60	94.9%	98.8%
Apr-19	1,461.30	19,116.40	96.7%	99.4%
May-19	1,454.10	19,132.40	96.3%	99.5%
Jun-19	1,456.90	19,144.90	96.5%	99.6%
Jul-19	1,478.30	19,127.90	97.9%	99.5%
Aug-19	1,493.10	19,178.70	98.8%	99.8%
Sep-19	1,508.80	19,183.10	99.9%	99.8%
Oct-19	1,502.80	19,174.30	99.5%	99.7%
Nov-19	1,513.30	19,128.10	100.2%	99.5%
Dec-19	1,521.40	19,198.70	100.7%	99.9%
Jan-20	1,510.50	19,226.10	100.0%	100.0%
Feb-20	1,510.00	19,223.40	100.0%	100.0%
Mar-20	1,472.80	18,075.00	97.5%	94.0%
Apr-20	1,185.80	16,083.60	78.5%	83.7%
May-20	1,288.80	16,395.40	85.3%	85.3%
Jun-20	1,393.60	17,431.20	92.3%	90.7%
Jul-20	1,394.10	17,847.60	92.3%	92.8%
Aug-20	1,417.10	18,072.90	93.8%	94.0%
Sep-20	1,426.50	18,501.50	94.4%	96.2%
Oct-20	1,430.00	18,566.10	94.7%	96.6%
Nov-20	1,432.60	18,602.50	94.8%	96.8%
Dec-20	1,439.80	18,539.80	95.3%	96.4%
Jan-21	1,456.50	18,349.70	96.4%	95.4%
Feb-21	1,447.30	18,604.00	95.8%	96.8%
Mar-21	1,461.40	18,858.80	96.7%	98.1%
Apr-21	1,458.10	18,662.00	96.5%	97.1%

Month-Year	Number of Construction Employment	Number of Total Employment	Construction Sector	Total Employment
May-21	1,441.80	18,613.00	95.5%	96.8%
Jun-21	1,430.00	18,876.80	94.7%	98.2%
Jul-21	1,444.40	18,988.80	95.6%	98.8%
Aug-21	1,450.90	19,068.00	96.1%	99.2%
Sep-21	1,458.60	19,227.10	96.6%	100.0%
Oct-21	1,456.00	19,271.70	96.4%	100.2%
Nov-21	1,459.70	19,411.00	96.6%	101.0%
Dec-21	1,477.80	19,493.60	97.8%	101.4%
Jan-22	1,491.50	19,280.10	98.7%	100.3%
Feb-22	1,526.60	19,615.30	101.1%	102.0%
Mar-22	1,539.70	19,639.80	101.9%	102.2%
Apr-22	1,543.10	19,692.90	102.2%	102.4%
May-22	1,547.40	19,736.50	102.4%	102.7%
Jun-22	1,560.20	19,705.00	103.3%	102.5%
Jul-22	1,566.50	19,740.10	103.7%	102.7%
Aug-22	1,562.30	19,728.60	103.4%	102.6%
Sep-22	1,559.90	19,727.80	103.3%	102.6%
Oct-22	1,579.40	19,808.80	104.6%	103.0%
Nov-22	1,570.00	19,837.00	103.9%	103.2%
Dec-22	1,597.10	19,907.40	105.7%	103.5%
Jan-23	1,602.30	20,017.00	106.1%	104.1%
Feb-23	1,595.80	20,034.90	105.6%	104.2%
Mar-23	1,589.30	20,076.40	105.2%	104.4%
Apr-23	1,594.90	20,114.50	105.6%	104.6%
May-23	1,594.90	20,115.50	105.6%	104.6%
Jun-23	1,586.20	20,173.00	105.0%	104.9%
Jul-23	1,537.90	20,168.10	101.8%	104.9%

Figure 5: Trends in Unemployment (seasonally adjusted)

Month-Year	All Industries	Construction Sector
Jan-19	5.7%	7.1%
Feb-19	5.8%	7.4%
Mar-19	5.9%	7.5%
Apr-19	5.7%	7.0%
May-19	5.4%	7.0%
Jun-19	5.6%	6.7%
Jul-19	5.8%	6.8%
Aug-19	5.8%	6.8%
Sep-19	5.6%	6.3%
Oct-19	5.6%	6.2%
Nov-19	5.9%	6.3%
Dec-19	5.6%	6.0%
Jan-20	5.5%	5.9%
Feb-20	5.7%	5.5%
Mar-20	8.4%	7.3%
Apr-20	13.6%	16.9%
May-20	14.1%	15.8%
Jun-20	12.4%	12.4%
Jul-20	11.0%	10.7%
Aug-20	10.2%	9.7%
Sep-20	9.2%	9.3%
Oct-20	9.0%	9.4%

Month-Year	All Industries	Construction Sector
Nov-20	8.7%	8.2%
Dec-20	8.9%	7.8%
Jan-21	9.2%	6.6%
Feb-21	8.5%	6.8%
Mar-21	7.7%	6.2%
Apr-21	8.2%	6.0%
May-21	8.3%	5.5%
Jun-21	7.9%	5.7%
Jul-21	7.4%	5.6%
Aug-21	7.1%	5.7%
Sep-21	7.0%	6.1%
Oct-21	6.5%	5.7%
Nov-21	6.1%	5.5%
Dec-21	5.9%	5.1%
Jan-22	6.5%	5.2%
Feb-22	5.5%	4.9%
Mar-22	5.4%	4.5%
Apr-22	5.3%	4.7%
May-22	5.2%	5.3%
Jun-22	5.0%	4.8%
Jul-22	4.8%	3.4%
Aug-22	5.2%	5.0%
Sep-22	5.1%	4.6%

Month-Year	All Industries	Construction Sector
Oct-22	5.1%	4.6%
Nov-22	5.1%	4.4%
Dec-22	5.0%	4.8%
Jan-23	5.0%	5.0%
Feb-23	5.1%	5.0%
Mar-23	5.1%	5.7%
Apr-23	5.1%	5.4%
May-23	5.3%	5.3%
Jun-23	5.4%	5.7%
Jul-23	5.5%	5.7%

Figure 6: Trends in Building Construction Costs

Quarter-Year	Residential Building Construction Price Index (2017=100)	Change vs 2017 (%)
Q1-19	108.7	8.7%
Q2-19	109.3	9.3%
Q3-19	109.9	9.9%
Q4-19	110.4	10.4%
Q1-20	111.1	11.1%
Q2-20	111.6	11.6%
Q3-20	114.4	14.4%
Q4-20	117.5	17.5%
Q1-21	123.3	23.3%

Quarter-Year	Residential Building Construction Price Index (2017=100)	Change vs 2017 (%)
Q2-21	132.7	32.7%
Q3-21	137.8	37.8%
Q4-21	143.2	43.2%
Q1-22	151.5	51.5%
Q2-22	159.5	59.5%
Q3-22	163.5	63.5%
Q4-22	165.3	65.3%
Q1-23	168.2	68.2%
Q2-23	171.5	71.5%
Q3-23	173.6	73.6%

Figure 7: Proponent's perceptions of the program requirements

Response	All units must be affordable	Maintaining affordability for a minimum of 20 years
Very Easy	32%	25%
Easy	28%	24%
Neither easy not difficult	20%	25%
Difficult	13%	17%
Very Difficult	4%	3%
Don't know	3%	6%
Total	100%	-

Figure 8: Survey Responses to the Question: "How easy or difficult was it to include support for priority populations?"

Level of difficulty	Percentage
Very Easy	31%
Easy	24%
Neither easy nor difficult	34%
Difficult	6%
Very Difficult	6%

Figure 9: Proponents' Perceptions of the Accessibility Requirement

Response	Meeting or exceeding the local/regional accessibility requirements in your jurisdiction
Very Easy	18%
Easy	42%
Neither easy not difficult	27%
Difficult	7%
Very Difficult	1%
Don't know	4%

Figure 10: Proponent Experiences with RHI Program Administration Stages

Different stages of RHI program administration	Very easy	Easy	Neither easy nor difficult	Difficult	Very difficult	Don't know	Total
Construction	6%	21%	35%	30%	3%	6%	100%
Application process	11%	31%	28%	24%	1%	4%	100%
Funding administration	13%	41%	32%	8%	0%	6%	100%
Reporting back to CMHC on project progress	15%	42%	31%	8%	0%	3%	100%