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**SUBJECT****RENTAL CONSTRUCTION FINANCING INITIATIVE**

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**ISSUE**

What is the government doing to promote supply of rental housing?

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**RESPONSE**

- **Supply needs to keep pace with demand. This is why the Rental Construction Financing initiative encourages the construction of rental housing by providing low-cost loans to support projects in areas where there is a need for additional rental supply.**
- **The initiative provides almost 26 billion in loans that will run until 2028 for the construction of more than 71,000 rental units in communities across Canada.**
- **The initiative is part of our Government's National Housing Strategy (NHS), a 10-year, \$72+ billion plan that supports the full spectrum of housing, including much needed rental supply.**
- **Projects under the initiative can offer affordable residential rents, accessible units, greater energy efficiency and reduced greenhouse gas emissions, and can demonstrate long-term financial viability.**
- **Mr. Speaker, I'm please to report that as of June 30, 2021, we committed over \$11.6 billion under the RCFi to support the creation of over 32,900 units, of which close to 23,500 will be affordable.**

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## BACKGROUND

### KEY FACTS

- **\$25.75B** for the **Rental Construction Financing initiative (RCFi)**
  - The initiative provides loans that will run from 2017 to 2028 for the construction of 71,000 rental units in communities across Canada.
  - Borrowers benefit from loans with terms of 10 years combined with up-front CMHC mortgage loan insurance.
  - As of June 30, 2021, CMHC committed over \$11.6 billion under the RCFi to support the creation of over 32,900 units, of which close to 23,500 will be affordable.

### Rental Construction Financing Initiative

The Rental Construction Financing provides low-cost loans to encourage the construction of rental housing across Canada. It supports sustainable apartment projects in areas where there is a need for additional rental supply. The initiative has a total of \$25.75 billion in available loans for the construction of 71,000 units, and is open from 2017 to the end of 2028.

The initiative focuses on standard apartment projects in Canada with general occupants.

The loan offers:

- a 10-year term (closed to pre-payment) and a fixed interest rate locked in at first advance for certainty during the most risky periods of development
- up to a 50-year amortization period
- CMHC mortgage loan insurance that is effective from first draw and for the duration of the amortization period to simplify loan renewal. The borrower does not pay the premium, only the PST if applicable
- up to 100% loan to cost for residential space and up to 75% loan to cost for non-residential space (depending on the strength of the application)
- interest only payments financed by the loan during construction through to occupancy permit
- principal and interest payments are due after 12 months of stabilized effective gross income

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