



## Federal Community Housing Initiative – Phase 2 (FCHI-2)

### Questions and Answers

#### What is the new FCHI-2 rental assistance program?

The FCHI-2 is a new Rental Assistance program for community housing providers, who are reaching the expiration of their federally administered Operating Agreements from past social and affordable housing programs. FCHI-2 is not an extension or continuation of other programs or previous Agreements. FCHI-2 will provide funding until March 31, 2028.

The FCHI-2 Rental Assistance program will provide the funding needed to supplement the difference between the occupancy charge and rent-geared-to-income charged to low-income tenants.

#### Who is eligible for this funding?

The FCHI-2 Rental Assistance program is available to non-profit and co-operative housing providers whose CMHC Operating Agreement ends naturally between April 1, 2016 and March 31, 2028. For example, if your Operating Agreement ends in 2023, your project will begin to be eligible for FCHI-2 funding in that year.

Eligible federally administered community housing providers include those with an expiring Operating Agreement from the following social housing programs:

- Section 95 (Pre-86) non-profit, co-operative, urban native
- Section 95 (Post-85) non-profit, co-operative, urban native
- Section 95 (Post-85) Index-Linked-Mortgage (ILM) co-operatives\*
- Section 27, 61 non-profit and co-operatives
- Section 26 non-profit
- Section 95 Rent Supplement (units currently leased from a private landlord and rented to those in need)

*\*An exception exists for ILM cooperatives. The latter are eligible for FCHI-2 as soon as the first mortgage has been repaid and the federal assistance (for operating expenses) has ceased to be paid.*

*Units that receive assistance through a provincial rent supplement agreement (cost-shared or unilateral) are not eligible for FCHI2 while the provincial agreement is in effect. Once the provincial agreement expires, these units may be eligible for FCHI-2 support, provided availability of FCHI-2 program budget.*

#### Is our project eligible if our operating agreement expired before April 2016 or if we opted out of FCHI-1?

Work is underway to determine how the Phase 2 may be available to select eligible former federally administered community housing providers:

- with expired agreements prior to April 2016



- who opted out of FCHI-1

Detailed eligibility information will be available once there is a better understanding of FCHI-2 program take-up and available budget.

### **Are there any prerequisites for my eligibility for FCHI-2?**

In addition to the basic conditions of eligibility for FCHI-2, breaches to the previous social housing programs' agreements with CMHC may have an impact on eligibility to the FCHI-2. In case of breaches, CMHC will communicate with housing providers to discuss each specific case.

### **What is the enrolment form for FCHI-2?**

Eligible housing providers will receive an enrolment form from CMHC 6 months prior to the expiration of the operating agreement. Providers must complete and sign the required forms and return the documents to CMHC to enrol.

CMHC will start the process once the signed forms are received.

### **When will FCHI-2 launch?**

In response to the ongoing global COVID-19 outbreak, the launch date of the FCHI-2 has been delayed from April 1, 2020 to September 1, 2020.

### **Will funding that I receive from CMHC be interrupted because of the delay in the FCHI-2 launch?**

CMHC will ensure that housing providers who are eligible to FCHI-2 and who have federally administered subsidies expiring between March 31, 2020 and July 31, 2020 will continue to receive their current level of financial assistance until August 2020 to ensure there is no disruption in federal assistance. You can find the latest information and resources related to CMHC's response to the COVID-19 outbreak at: [www.cmhc-schl.gc.ca/en/media-newsroom/coronavirus-update](http://www.cmhc-schl.gc.ca/en/media-newsroom/coronavirus-update). Any questions related to FCHI2 can be directed to: [FCHI2-IFLC2@cmhc-schl.gc.ca](mailto:FCHI2-IFLC2@cmhc-schl.gc.ca).

### **When does the agreement take effect?**

The new Rental Assistance Agreement will have full force and effect from the effective date of the newly signed agreement, provided that your existing Operating Agreement has expired.

For example, if your current Operating Agreement ends February 1, 2024, your payments and new Rental Assistance Agreement will only become effective on February 1, 2024 (provided both CMHC and the Housing Provider have signed the new Agreement).

### **How long does this new agreement run?**

All FCHI-2 agreements end on March 31, 2028 no matter when they took effect.



**We have multiple CMHC operating agreements with different expiration dates. Do we have to wait until the last expiration before enrolling for FCHI-2 rental assistance?**

The eligibility for rental assistance is subject to each operating agreement's expiration date. CMHC will contact you 6 months prior to every operating agreement expiration date to confirm whether you want to opt-in or opt-out of FCHI-2.

**How much FCHI-2 rental assistance will my project receive?**

CMHC will determine the amount of funding you will receive following the receipt of the completed FCHI-2 enrolment forms.

Once CMHC has completed the needs assessment and FCHI-2 rental assistance calculation, you will receive a confirmation of the annual funding allocation that will be provided. This will be based on the amount needed to supplement the difference between the occupancy charge and rent-geared-to-income charged to low-income households.

Households will not pay more than 30% of their gross monthly-adjusted income for rent.

**Which households are eligible for the Rental Assistance under FCHI-2 program?**

A household must be in housing need in order to receive rental assistance. This means that a household must spend more than 30% of its gross income on housing.

In order to be eligible for Rental Assistance under the FCHI-2 program, households must not receive funding from other sources for substantially the same purpose as the funding under FCHI-2.

**What are the conditions for funding?**

You will be required to provide supporting documentation that confirms the funds provided under the program are used as intended. Documentation that satisfies agreement compliance includes annual funding reconciliations and financial statements.

**What if we have no eligible households for the FCHI-2 program?**

If there are no households currently in need of rental assistance, it is not possible to opt-in to the FCHI-2 program at this time. However, it is possible to opt-in at a later date, once there are non-subsidized households with a need for rental assistance.

Please note that any future request will be accepted and prioritized based on available FCHI-2 program budget at such time.



### **What if we don't want to sign a new agreement or we change our mind and decide to opt-out of the program?**

Once you have expressed interest and have signed and returned the enrolment form, you can withdraw in writing from the program enrolment process at any time prior to the effective date of the FCHI-2 agreement with CMHC.

If you opt-out of FCHI-2, please be advised that you can opt-in at a later date, but your request will be assessed and prioritized based on the available program budget at such time.

### **Although the FCHI-2 provides rental assistance, will there still be support to help improve our operations?**

We anticipate that you will continue to strengthen your housing project to ensure long-term preservation of affordable housing units and that you will participate actively in the action plans that are built into the FCHI-2 program requirements.

Housing providers will have twelve (12) months from the execution of the FCHI-2 agreement to develop and submit an action plan to CMHC or its representative. Every three (3) years the housing provider will be required to update this action plan. That action plan will demonstrate how the housing provider will progress and strengthen in the areas of governance, social inclusion, financial viability, and asset management.

While the funding under the FCHI-2 agreement is not conditional on the progress demonstrated in the action plan, the housing provider will report annually on its achievement of the milestones set out in the action plan. CMHC or its representative will review progress to support the housing provider and advise on available resources to assist them in their efforts to improve their operations.

### **How can we access Transitional Funding?**

Eligible providers who are experiencing challenges in transitioning to the new program may qualify for one-time Transitional Funding to help fund some operating costs, for up to 24 months.

Allocation of transitional funding will be based on set criteria to serve the projects most in need, such as:

- Inclusion of vulnerable populations
- Percent of subsidized units in the project; and
- Average income level of tenants

Transitional funding has a limited budget envelope and is intended to serve the projects that are most in need and that are experiencing challenges moving to the new program model. As such, transitional Funding is currently targeted towards deep subsidy projects or urban indigenous projects. As part of the application intake, CMHC will complete an initial needs assessment and eligible housing providers will be contacted by CMHC with further details.



**Can we access other CMHC funding under the National Housing Strategy if we are receiving FCHI-2 rental assistance?**

Yes. You can apply for other CMHC programs that will help you remain operationally viable and improve your long-term financial sustainability. You can enter into redevelopment planning and discussions with CMHC or other housing sector associations. For more information on available programs, please visit: [www.cmhc-schl.gc.ca/en/nhs](http://www.cmhc-schl.gc.ca/en/nhs).

**Please note:** An approval of funding under the FCHI-2 program does not guarantee an approval for other types of National Housing Strategy funding or assistance.