

## External Q and As

### Can CHDP be stacked with other programs?

Yes, CHDP can be stacked with other NHS or CMHC programs. If stacking is pursued, projects must meet the requirements of both programs. Should stacking occur, or should there be other funding sources present, total funding will not exceed 100% of total project costs.

### Why are Equity Co-ops ineligible to apply?

The CHDP is intended to be an affordable non-profit rental housing program, therefore homeownership or equity co-ops are not eligible for program funding.

### What is the affordability requirement for the program?

All units created under the CHDP would be required to be affordable for 20 years at or below an average of 110% of post-2000 Median Market Rent (MMR), in their community. In contrast, newly constructed units on the private market are on average renting at 142% of MMR.

### How is this affordable benchmark of 110% MMR considered to be affordable? / How was this set?

Viability is the most crucial factor in ensuring a project will be sustainable. Housing charges at the affordability threshold of 110% of post-2000 Median Market Rent (MMR) will ensure co-ops can fund their outstanding loan obligations and cover operating expenses, without relying on long term

Government subsidy. Since housing charges set under CHDP are not driven by profit, government funding provided under the program will enable co-ops to raise housing charges more slowly, compared to the private market. These units, like those in previous generations of co-op housing, would become more affordable relative to the market over time.

### Though the Median Market Rent of post-2000 builds in the survey zone is crucial in determining rents, how will the allowable rents be determined for survey zones where CMHC has no data?

For a city which may not have MMR data post 2000, you would then move up a level to MMR data at the provincial level. For example, Peterborough does not have MMR post-2000 data for 2 and 3-bedroom units, therefore you would move up to provincial level data. Should more support be needed in determining the appropriate MMR dataset to reference, your CMHC specialist will be able to support you.

### Is this program accessible to cooperatives in Quebec despite the M-30 legislation in place in the province?

The program is open to cooperatives across Canada and the Government of Canada has always committed to respecting Quebec legislation and will continue to do so. Discussions with the Government of Quebec will take place as needed and at the appropriate time to ensure that cooperatives in Quebec can benefit from this program's funding.

### **How will the new Co-operative Housing Development Program help transform the types of coops that have typically been built in the past?**

New co-op homes built through CHDP will result in inclusive, strong communities that both meet the needs of today and anticipate the needs of tomorrow. The sector believes that the small size of individual co-ops and limited staff capacity have made it challenging for co-ops to compete against higher capacity organizations for NHS funding. Despite the benefits of co-op housing, these factors have limited the sector's capacity to grow. This new program intends to achieve longer-term sustainability through the funding of larger projects.

### **What is densification and how does it apply to the minimum number of units?**

Densification is when an existing Co-op is being scaled up and the total number of units in the project increases. Only the net new units being added to the project will be referenced when the application is being scored and prioritized.

### **What happens if an applicant, that is part of a particular CMA or CA, cannot meet the program unit minimums? Should they still apply?**

Since CHDP intake windows provides a competitive environment, the project may still be considered and scored accordingly for prioritization should it apply to the program. It is important to note that the program is not a one size fits all solution for coops and has been intentionally designed to fund larger scale projects. If a project cannot meet these minimums the Affordable Housing Fund may be another program for consideration.

### **Where can I find additional information on how to determine what the CMA, CA or Remote/rural area is of a project?**

CMA's (Census Metropolitan Areas) and CA's (Census Agglomerations) as well as Rural areas are determined by Stats Canada. Visit [Statistics Canada's webpage<sup>1</sup>](https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E) to determine if the area falls within a CMA or CA which includes a Postal Code Search function and maps.

### **Does an applicant have to own the land prior to submitting an application?**

Proponent's do not need to own the land at the application stage, they must at least have a Purchase and Sale agreement. The first draw or advance may be used to pay for the land purchase which can then be secured.

### **Construction contracts – are there any requirements for fixed price contracts over a construction management approach?**

We do insist that a fixed price contract be used to mitigate the risk of cost escalation. If a proponent has demonstrated experience, a construction management contract may be considered. If the property is to be built under a construction management arrangement, to mitigate the risk of cost escalation, CMHC will require that no less than two thirds (2/3) of hard costs (which include all major contracts such as structural, mechanical, electrical, forming and concrete) are fixed price contracts and are in place prior to the first advance.

The borrower must also demonstrate the ability to withstand unexpected increases in construction costs to be granted this flexibility. (e.g. ability to raise more capital, adequate line of credit, collateral security etc.)

### **What documentation will be required to support ongoing compliance with the affordability criteria?**

Once the project is completed and occupied, CMHC will require a rent roll to be submitted to CMHC on an annual basis.

### **Can soft costs include project management or feasibility studies fees?**

Yes, these fees would be considered eligible soft costs which can be retroactively funded through the program to an approved application. In general, soft costs may include everything from architectural drawings and engineering fees, legal fees, pre- and post-construction expenses, permits, taxes, insurance, etc.

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<sup>1</sup> <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E>

### **If the project is made up of units on multiple land locations does it negatively affect scoring?**

Funding requests may include one or multiple buildings or properties and can include multi-site developments to achieve minimums without impacting prioritization and scoring.

### **If we don't have a Class B budget before the application deadline but we will have it before funding approval, can we still apply?**

The Class B cost review is required to minimize the risk of costs rising. If the project is not at the stage of providing Class B documentation, it should wait for the next funding window.

### **What is a Community Land Trust and why are they eligible under CHDP?**

There is currently no uniform definition of Community Land Trusts (CLTs) in Canada. However, CLTs can be generally defined as non-profit corporations created to acquire and hold land for the benefit of a community and provide secure, affordable access to land and housing for residents, which in turn supports sustainable housing co-operatives.

### **Can newly formed co-ops with less than three years of experience apply?**

Newly formed co-ops may not have three years of financials or co-op specific experience but may be required to demonstrate borrower competence and project management experience through other means e.g. co-borrowers/guarantors, increased DCR, increased equity etc. This is similar for Indigenous co-ops off and on-reserve.

### **Are there flexibilities available for Indigenous groups under the program?**

Flexibilities are available for Indigenous applications (e.g. unit minimums, energy efficiency and accessibility requirements etc.). In general, all Indigenous applications will be reviewed on case-by-case basis to determine how they may be applied to support the project. Please contact your CMHC Indigenous Housing Solutions Specialist for more information.

### **Most First Nations communities are not listed on the Housing Market Information Portal. Can you please explain what data will be used to determine MMR on-reserve?**

Viability is the most crucial factor in ensuring a project will be sustainable. Housing charges or rents set must ensure co-ops can fund their outstanding loan obligations and cover operating expenses. Please contact your CMHC Indigenous Housing Solutions Specialist for support in determining an appropriate MMR for your community.